# FINANCIALTIMES

**EUROPE'S BUSINESS NEWSPAPER** 

Monday March 25 1985

D 8523 B

World news.

### Iraqi air strikes hit two vessels

iraq resumed air strikes against Iraniau oil traffic, attacking two vessels – one on the heavily forti-fied Kharg Island terminal. Iran earlier issued a statement saying that it would retaliate "with

full force, if Iraq attacked any Iranian towns or merchant ships in the Gulf. The vessels struck were the Ital-

ian supertanker Volere and the o-owned Eastern Star. On the northern front, Iraq said it launched lightening attacks and captured two mountain peaks in-side Iran. Page 18

### Soviet defection

The laterality of the control of the

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The Indian Government confirmed that the missing Soviet diplomat to New Delhi, Igor Gheja, has defected to the U.S. and has been granted political asylum.

### Belrut ciashes

Moslem militia and army units traded machinegua fire and rocket-propelled grenades in the heaviest clashes for months on Beirut's "green line" battlefront.

### Stormy Greek vote

Angry scenes developed in the Greek parliament during the second round of voting for a new president of the republic. The voting was inconclusive. Page 2

### General killed

Retired Salvadorean general Jose Alberto Medrano was killed by gunmen in San Salvador. He had been accused of human rights abuses during his career but was never

### Italian bribe charge

The chairman of Milan's underground railway system. Antonia Natali, was arrested on charges of taking bribes from a local con-

### Danish lockouts Widespread strikes and lockouts hit

struction company.

Denmark as 300,000 workers stopped work in a dispute which threatens fuel supplies, power stations and manufacturing industry. Torpedo boat talks

### China and South Korea started ne-

gotiations for the return of a Chinese torpedo boat and 13 crew from South Korea. The boat was towed to Kusan after what the Seoul Government described as a "shooting me-lee" aboard the craft in which six crewmen died. Page 3

### Ethloplan austerity

ened petrol rationing, banned pri-vate car imports and will allow only essential vehicles to travel on Sun-

Famine-wracked Ethiopia has tight-

### Bolivia strike ends

The Bolivian Workers' Confederation ended a 16-day general strike after the Government offered to raise minimum wages by 350 per

### Portugal assassins

Gunmea killed Portuguese industrialist Alexandre Souto inside the International Trade Fair building in

### Ferry disaster

Rescue workers recovered 22 bodies after a ferry capsized near Dac-car, Bangladesh and searched for more than 200 other people feared

### Democracy promise Pakistan's new Prime Minister, Mo-

Pakistan's new Prime Minister, Mo-hammad Khan Junejo, promised to work for a restoration of democra-ers Hanover \$17m. Page 22 cy. Page 3

### Albanian visit

kan state for more than 40 years. Page 22

### U.S. 'will achieve growth target'

Business summary

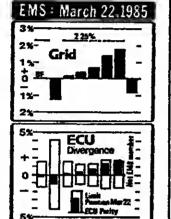
No. 29,583

THE U.S. will achieve economic growth of around 4 per cent this year despite disappointingly low estimates for the first quarter, according to Mr Donald Regan, White House chief of staff.

Mr Regan, former Secretary of the Treasury, pointed out that last week's "flash" estimate of 2.1 per cent growth by the Commerce Department covered only January and February, and he expected the fig-ure for the full quarter to be revised to 3 per cent or more.

PAN AMERICAN, the U.S. airline, is on the verge of settling its longest strike – a 24-day walkout by me-chanics and baggage handlers – which has grounded more than half its fleet. Page 18

EUROPEAN Monetary System: Attention remained focused on the dollar last week and its sharp de-



cline. The Belgian franc replaced the Dutch guilder as the weakest member bound by the 2% per cent limit, but was still strong enough to be trading close to the mid-point between its upper and lower interven-tion limits. The Italian lira, which enjoys a wider margin of allowable ivergence, was somewhat weaker from the previous week but re-mained comfortably within its div-

written agreement between central banks to keep their respective currencies within agreed limits.

The chart shows the two constraints on European Monetary System ex-change rates. The upper grid, based, on the weakest currency in the sys-tem, defines the cross rates from

tem, defines the cross rates from which no currency (except the tira) may move more than 2% per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies. TOKYO share prices closed slightly

lower on Saturday, pushing the Nikkei-Dow market average down 4.65 to 12,537.95, as weakness on Wall Street and uncertainty over the dollar held back investors.

U.S. officials have warned Japan that they might be forced to retal-iate unless Tokyo relaxes trade bar-

IRAQ has signed a FFr 500m (\$50.5m) contract with the French state-owned Companie Generale d' Electricité to aid improvement of the country's electricity supply in-

TEXAS Commerce Bancshares, one of few U.S. banks to have escaped the effect of the slump in the U.S. energy industry until now, has had

its credit ratings cut because of higher bad debt provisions. Page 22 ARTHUR ANDERSEN. U.S. accounting firm, has lost another court case over the collapse of Drys-

**HUDSON'S BAY COMPANY, Cana**dian retail, property and fur trading group, suffered a C5107.Am (U.S.577m) loss last year compared A French government minister is to (U.S.577m) loss last year compared pay an official visit to Albania in May – the first such visit to the Balordiary gain of C\$17.9m in 1963.

# South Africa death toll rises as mobs attack black councillors

BY ANTHONY ROBINSON IN JOHANNESBURG

THE DEATH toll in a week of vio- of armed white vigilante patrols in The funerals were to have taken B. Kinikiki, a Kwanobuhle local adding a further ethnic element in- cal conflict between various black lence in the black townships of the Eastern Cape Province rose at the weekend in horrific scenes of mob violence directed against black local councillors and policemen.

Gangs of youths brandishing sticks, shovels and knives roamed the townships of Langa and Kwanobuble on the outskirts of the indus-trial town of Uitenbage, and a pall of smoke drifted over the townships from burning homes and looted

Special police and army units have been drafted in to draw a cordon around the townships while the white inhabitants of Uitenhage closest to the Langa township are reported to have been issued with two-way radios by the police. Un-confirmed eyewitness accounts tell lent incidents were reported.

white areas closest to the violence. At least 80 people bave now lost their lives in unrest in the Eastern

Cape and townships in the Transvaal and other areas over the past month, including 19 who were shot by police on the 25th anniversary of the Sharpeville massacre Thursday and at least 10 at the weekend.

The toll is now greater than the 69 who lost their lives in the origi-nal Sharpeville massacre and the violence is continuing. A large crowd turned up in the

township of Kwanobuhle for the funeral of six blacks killed at the beginning of this latest outburst of violence but police are reported to have kept a low profile and no vio-

place last Thursday but were banned by a local magistrate. The message did not get through to many of the local inhabitants and it was that failure of communication that contributed to the fatal encounter with the police which led to the 19 deaths on the Sharpeville anniversary. The Government has set up an official inquiry and opposi-tion figures have called for the re-

signation of Mr Louis Le Grange, the Minister of Law and Order.
With the townships virtually sealed off by police, black anger and irustration has been directed at those blacks seen as collaborators with the Government or police informers. The most horrific incident took place on Saturday morning when a crowd of youths set fire to the funeral parlour owned by Mr T.

black councillor.

Three people, including the councillor and his 18-year-old son, chimbed out of the back window of the burning building but were seized and backed to death by the trate mob. Their bodies were then set alight and jubilent mobs denced around, beating the corpses with sticks and bricks. The charred bodies of two other men were found lat-

Black policemen and their families living in the townships have been evacuated but their houses have been the targets of fire bombs and looting. Animosity against the police has been fuelled by reports that the authorities have drafted in Zulu policemen into the predominantly Xhosa-speaking townships, arsoa and violent internecine political times are predominated by reports that the authorities have drafted in the predominantly Xhosa-speaking townships, arsoa and violent internecine political times to great personal risk. It has also made every black township a potential times to great personal risk. It has also made every black township a potential times to great personal risk. It has also made every black township a potential times to great personal risk.

to the white-black confrontation.

Violence has not been restricted petrol bombings, stonings and unrest flooded in over the weekend from townships in many parts of the country. In the latest of a lengthy list of attacks oa black councillors, two hand grenades were thrown at the house of Mr Edward Kunene, the recently appoint-ed mayor of Soweto, the 2m strong black township on the edges of Johannesburg, and similar incidents

political groups since the Vaal townships erupted at the beginning of September in protest against to the Eastern Cape as reports of reat rises, bad schooling and other grievances, including the new tricameral constitution, which excludes blacks from power.

EEC ministers draw

battle lines, Page 2

farm prices

The Government is trying to por tray the violence as an unfortunate side-effect of its policy of cautiously reforming the apartheid system. But with inflation and unemployment at dangerous levels, its attempts to attract moderate blacks, coloureds and Indians on to its side were reported from other town without offering power-sharing to ships in the Vaal triangle, Natal and the Orange Free State.

The state of the town without offering power-sharing to blacks or the abolition of the bated pass laws and other apartheid legislation has exposed moderate blacks

# Nicaragua row with U.S. to dominate **IDB** meeting

BY PETER MONTAGNON IN VIENNA

THE BITTER row between Nicoragua and the U.S. over the latter's efforts to block Inter-American Development Bank (IDB) loans to the Sandinista Government in Managua threatens to dominate this year's IDB annual meeting which opens in Vienna today. Sr Joaquin Cuadra Chamorro,

Nicaragua's central bank president, will this afternoon call on the meeting to oppose what he terms the po-liticisation of the IDB as a result of the U.S. action. Nicaragua has begun an inten-

sive lobbying effort with other Lat-in American member countries to persuade them to reaffirm publicly their commitment to the bank's charter establishing it as a non-political organisation.

Niceragus way recently forced to withdraw a SSRn loan request from the IDB after the intervention of Mr George Shultz, U.S. Secretary of the IDB as the U.S. is not seemed to be a start of the IDB as the U.S. is State, amid scarcely veiled threats behind with its contributions to the that the U.S. would withdraw finan-bank's capital, resulting in a \$600m strongest currency and was slightly outside its upper divergence limit, a point which usually activate and a strong with resulting in a \$800m went ahead.

Mr Shutter in the U.S. would withdraw finanbank's capital, resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anadom with resulting in a \$800m shortfall in callable capital and delays on loans to Latin Anad

ter to Sr Antonio Ortiz Mena, the IDB president, is regarded as particularly controversial among delegates because it is the Treasury rather than the State Department which is normally responsible for IDB affairs.

"It is a slap in the face for the IDB administration and its executive board telling them they do not know how to manage the bank," Sr Cuadra said yesterday.

The loan, which is to finance pri-

vate sector agriculture, had already been approved by the bank's technical staff before the U.S. interven-

"to finance Nicaragua's aggressioa record \$1.7bn from \$1.41bn.

BY STEFAN WAGSTYL

Met U.S. tobacco company to come on to the market - the group is also trying to sell cigarette-maker Lig-

gett and Myers, after a \$325m man-

agement buy-out collapsed last

Both companies were acquired in

980 when Grand Met bought its

parent company, the Liggett group, which has interests in soft drinks

and pet food as well as tobacco, in

its first significant U.S. acquisition. After more recent acquisitions of U.S. health care services compa-

nies, however, Grand Met has made

least Si00m.

Sandi-Arabia's National Com-mercial Bank is coming under increasing pressure from other international lenders to contribute its share of a \$925m credit being sought by the Philippines as part of its debt rescue package. Page 19

against its neighbours, who are members in good standing of the

Nicaragua was not a creditworthy country, \$7m in arrears with the International Monetary Fund and World Bank, he said.

U.S. public opinion would be of-fended if the form were approved and this would make it even more difficult to persuide Congress to This is a very sensitive point for the IDB as the U.S. is now seriously

Although the IDB will not start seeking a fresh capital increase, to become effective in 1987, until later this year it is clearly anxious for the

U.S. shortfall to be made up so that normal business can resume. In its annual report published yeasterday the IDB said that growth in Latin America resumed at a rate of 2 per cent last year, but it warned that living standards had not recovered from the recession and satisfactory growth rates would not be achieved without a resur-

gence in investment. Last year, the bank approve In his letter to the IDB, Mr Shultz loans totalling \$3.57bn, up 17.1 per argues that the Sandinista Government on 1983, while borrowing in ment could divert the loan proceeds world capital markets also rose to a the full terms of the issue be dis-

Grand Met puts second U.S.

tobacco company up for sale

could prove difficult to operate sim-ultaneously in both markets.

The company said yesterday that

the Pinkerton business did not fit in with its "long-term strategic objec-tives" - the same comment it made

last year about Liggett and Myers.

The first reaction in London busi-

ness circles was that Pinkerton

might prove easier to sell than Lig-

gett and Myers, which is suffering from a price war in non-branded

Pinkerton, based in Owensboro,

Kentucky, made operating profits of \$18.4m from sales of \$190m in the year to last September. Its top

brand, Red Man, is said by the com- per cent last year.

GRAND METROPOLITAN, the UK it clear that it sees better prospects hotels, brewing and foods group, in the rapidly growing health care has put up for sale Pinkerton To-market than in the tobacco indus-

bacco, its U.S. chewing and pipe to-bacco business. London business could prove difficult to operate sim-analysts estimate it could fetch at ultaneously in both markets.

### IFC to launch first floater

By Our Euromarkets

THE INTERNATIONAL Finance Corporation (IFC), an affiliate of the World Bank, is stepping into the Eurobond issuing business for the first time with the announcement of a \$50m floating-rate note for Bladex, the Panama-based Latin Amercan export finance bank.

Sir William Ryrie, executive vice-president of the IFC, said in Wash-ington at the weekend that it would lead-manage the forthcoming issue alongside Goldman Sachs, the U.S. investment house. The IFC is also to act as an underwriter for an amount expected to be \$25m.

Unlike its World Bank parent, the IFC concentrates on stimulating fi-nancial flows to the private sector in the developing world. Proposals for it to lead bond issues have been under consideration since 1982, but the debt crisis rendered the marhets unreceptive.
--Its board has decided to go also

with the Blader issue as part of an effort to help to boost Latin Ameri-can exports, which Sir William said was a crucial ingredient in the ultimate solution of the developing-country debt problem." Bladex, in which the IFC has a 7.3 per cent stake, last year financed 51bn of Latin American exports. Other shareholders include Latin

mercial banks and international

banks including Lloyds Bank of the Bankers say that throughout the debt crisis, Bladex has remained fully solvent, but lack of confidence in the region has forced its balance sheet to contract to some \$600m from a peak of around \$750m. Pro-ceeds of the note issue will help reverse this trend and allow it to step

up its activities again.
With investors still concerned about Latin America's economic the new bond issue has been slow. The IFC still has to complete its group of lead managers and underwriters. Only when that is done will

pany to be the largest-selling loose leaf chewing tobacco in the U.S. While sales of its pipe tobacco are

declining, Pinkerton is investing in lannching new products notably wet and dry smuff – and in building

Mr Robert B. Seidensticker, Pinkerton's president, said that

since the company's plans required

"major strategic commitment," a new owner "would be in the best in-

Grand Met, which has appointed New York investment bank Morgan

Stanley to advise on the disposal

said that it had no particular potential buyer in mind for Pinkerton.

The group remains committed to expanding in North America, where

sales have grown from 7 per cent of

the group total in 1980 to nearly 31

terests of all concerned.

# Paris will unveil further plans to liberalise bourse

BY PAUL BETTS IN PARIS

THE FRENCH Government will this week announce plans to modernise the Paris financial markets and stimulate more competition within the stockbroking profession and the banking system.

The latest measures are part of a gradual deregulation of the coun-try's financial sector aimed at enabling it to compete with other in-ternational imancial markets, like London and New York, which have. been undergoing major evolutionary changes. The recent introduction of certifi-

cates of deposit (CDs) and the deci-sion earlier this month to set up a financial futures market in Paris later this year, are to be followed by a liberalisation of the rules on bond and share commissions. The authorities also want to encourage the development of intermediary agents on the bourse to help place large buy or sell orders for securi-French officials also indicated at

the weekend that M Pierre Berego-voy, the French Finance and Econo-my Minister, envisaged the intro-duction in coming weeks of reforms in the domestic mortgage market. · Among the measures the Socialist Government will introduce this week are incentives to give borrowers in the domestic bond market lead managers and banking syndibeen reluctant to put their offerings up to bids and have traditionally entrusted them to their regular lead banks.

There are already tangible signs of a changing and more competitive

trend, with borrowers like the French national railways putting future bond issues out to tender with a number of banks. The Government will also further

enlarge access to the so-called small bond market (petit merché) for large borrowers and institutional investors. Bonds issued on the petit marche do not need prior authorisation from the moaetary authorities, but there is a ceiling on the amount an individual borrower can raise. The Government raised this limit from FFr 200m (\$19.5m) to FFr

Commissions on bond issues in the private corporate sector will now be able to be fixed freely. For public sector issues the commission will now be set in a range of between 1.3 per cent and 1.7 per cent per cent - 0.9 per cent

make the market more liquid for vise a "novel political structure" for large share transactions. Steps will also be taken to speed up and to have succeeded until all obsta-

Continued on Page 18

### Rapid deal ruled out over future of Ulster

By Brendan Keenan In Dublin

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POLITICIANS on both sides of the Irish Sea yesterday dismissed suggestions of an early agreement be-tween the British and Irish governments on new political and security arrangements in Northern Ireland There was also angry Unionist reaction to a British newspaper report which suggested that the govern-ments might soon be able to sign a joint declaration on Northero Ire-

There is ao doubt that a serious effort is under way in Londoa and Dublin to find some area of agree 500m a year in 1984 and is any proposing to increase the ceiling to FFr lbm a year from 1986. The petit Prime Minister. It was reinforced marche currently accounts for by the visit to Dublin last week of about 10 per cent of all French bond Sir Geoffrey Howe, the British Forrading.

The Government also plans to lift Hurd, the Northern Ireland Secreall existing restrictions on the grey market - the trading which is carried out between the amount ement of a bond issue and its effective infinity of the control of the c Ulster parties. The aim is to explore areas of agreement on internal po-litical structures for the province, in

parallel with talks oa an enhanced role for the Irish Republic. Substantial areas of disagree ment remain and may yet prevent a compared with the current 1.75 per settlement. Dr Garret FitzGerald, cent fixed commission. The range for government issues will be 0.7 in London oa Friday, mentioned the In the equity market the Govern-time since the present round of talks began almost a year ago.

He warned that the attempt to de Continued on Page 18

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# Westland/Utrecht Hypotheekbank NV

for the year ended 31st December 1984

end of the year Statement

	a. /a	
	31.12.1983	<u>31.12.198</u>
Revenue from mortgages Other revenues	898,364	751,63
	94,329	143,77
Group revenue	992,693	895,40
Total cost of borrowed funds General expenses	869,462	763,42
Depreciation of property	88,489	85,52
Group costs	9,343	5,62
Group costs	967,294	<b>854</b> ,57
Operating Result	25,399	40,82
Provision for general contingencies	75,000	30.00
Taxation	,9 <u>,000</u>	1,70
Result after provisions and taxation	(49,601)	9,12
Distribution to Nationale-Nederlanden NV	(10,001)	9,12
Net result	(49,601)	
Key figures of Consolidated Balance sheet (in 1 000)		
	31.12.1983	.31.12.198
Share capital (paid up)	82,158	82,15
Reserves*	50,792 55,157	50,79 55,15
Subordinated loans*	320,773	310,24
Borrowed funds	8,815,080	7,756,05
Mortgages	8,538,116	7,484,64
Operational lease Building projects in hand	131,749	128,21
Managed property	43,921 5.140	54,29 32,79
Balance sheet total	10,590,568	9,369,9
Placed capital, reserves and suborbidinated loans together		

Tokyo Pacific Holdings N.V.

Copies of the complete end of the year statement are available on request at our head office, Mr Treublaan 7, 1097 DP Amsterdam, The Netherlands, Tel. 01031 205604911, or J. Henry Schroder Wagg & Co., 120 Cheapside EC 2V 6DS London, Tel. 5884000. In due course the Annual Report of 1984 will be available at the same addresses.

Tokyo Pacific Holdings (Seaboard) N.V.

The Annual Report as of 31st December, 1984 has been published and may be obtained from:

Pierson, Heldring & Pierson N.V. Herengracht 214, 1016 BS Amsterdam

National Westminster Bank PLC Stock Office Services,

3rd Floor 20 Old Broad Street London EC2N 1EJ

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### **OVERSEAS NEWS**

# Danes await | MINISTERS BEGIN ANNUAL PRICE HAGGLING

halt strike By Hillary Barnes in Copenhager DANISH coalition

government is expected shortly to present a package of measures to resolve the strike which began yesterday, bringing a halt to industrial production, air traffic, the docks, shipping and the dis-tribution of oil, petrol and food supplies.

measures to

About 70,000 people in Aalborg, in North Jutland, were among the first to feel the effects of the conflict, when beating from the local power station was stopped when on strike

Shoppers at the weekend were buying enough goods and petrol to last a couple of weeks in the belief that the strike will quickly cause

The conflict, involving 2 strike of 285,000 industrial workers, with 300,000 locked out, is the result of the failure of the EO labour organisation and the employers to agree on two-year collectiva wage

The four-party minority government, headed by the Couservative, Mr Poul Schlüter, is under pressure from the centrist Radicals to atop the strike with a statusettlement as soon as possible. The coalition needs Radical support to essure a parliamentary majority.

While the Government has not given any official indica-tion of it plans, it is expected to propose a settlement which includes a small reduction in the working week and wage increases around 2 per cent.

This may he combined with a freeze on prices and profit margins, while indirect taxes will be increased to curb domestic demand and stop the deterioration in the current account deficit. The latter is large enough to be

Credit restrictions, com-pulsory savings for high income groups and increases in payroll taxes are among other measures which may be under consideration, Although a satutory settlement may lead to some disruption by unofficial strikers, past experience suggests that most will accept it.

Export Transs by Major Destination

Customs-cleared Exports and Imports

(1) Export trands by major destination denote annual changes in mo

# Lines drawn in EEC farm battle

BY QUENTIN PEEL IN BRUSSELS

EEC AGRICULTURE ministers today begin their annual round of haggling over farm prices, with little prospect of rapidly bridging the gap between those demanding an effective price freeze, and the farm lobby seeking an increase of np to 5 per

The three-day price fixing in Brussels begins with all sides firmly entrenched, and the hercest battles set for cereals prices, fruit and vegetables, and dalry production quotas.
In spite of an official deadline of April 1, the ministers are

widely expected to have to meet again next week in Laxembourg. probably right through to the Easter weekend.

The European Commission has put forward a price package intended to restrain the soaring costs of the common agricul-tural policy by imposing a vir-tural price freeze, with sharp real price cuts for cereals (of real price cuts for cereals (of 3.6 per cent) and fruit and vegetables (8 per cent). Britain backs that position, although Mr Michael Jopling, the Farm Minister, believes it is not tough enough to prevent the continuing growth of surplus production in several sectors.

A WARNING of further financial trouble ahead for the common agricultural policy has been issued by the UKbased commodity trading com-pany S & W Beresford, writes

Andrew Gowers.
In a study of the European Commission's farm price proosals. Mr Simon Harris, a posals, Nr Simon Harris, a Beresford economist, says the Commission has left itself only o relatively small margin of error in its forecasts of 1986 agricultural spending, and that as a result farm spending could breach the agreement on hudgetary disci-

The Commission estimates

West Germany is the most adamant opponent of the planned cereal price cut. Herr Iguaz Kiechle, its Agriculture Minister, is refusing to contem-plate any outcome which would amount to a real reduction, although the Commission argues Although there is no scale clash looming on dairy prices, there is likely to be a serious division about dairy production quotas. According to the that a full 5 per cent cut is actually justified by the level of 1984 production. Italy and Greece are both fighting the 6 per cent cut for

lise between Ecu 19.5bn and Ecu 20bn next year, compared with a revised estimate for this year of Ecn 19.955bn. This gives a margin of error of at best Ecu 1bn. Mr Harris comments: "The

that farm spending will stabi-

Commission still tends to measure its success in terms not so much of 'fundamental' reform and making medium term strategies bite as in terms of containing Com-munity budget costs . . The problem with the Commissing's estimates is that they are based on contingencies which are outside the Commission's control,"

fruit and vegetables proposed by the Commission because of

the surpluses last year which

meant vast tonnages of crops like citrus fruit had to be

estroyed. Although there is no serious

get his way. The ministers are meeting in the wake of widespread demonstrations by farmers across the Community last week demanding more than the planned price freeze. They also have to bear in mind the European Parsiament's call for a 3.5 per

1 per cent, or some im tonnes, from April. Again, it is West Germany, normally a strict

disciplinarian on budget ques-tions, which is seeking to delay

Ireland has its own problems

on the specific national dairy

quota it has been allowed seek ing a rise of some 58,060 tonnes, on the grounds that it was underestimated because of a

statistical error. Mr Ansiin Deasy, the Irish Agriculture Minister might be tempted to

block the entire price fixing to

cent average increase.

One way they can soften the blow for individual countries is to vary the proposed changes in monetary compensatory in monetary compensatory amounts (MCAs), the border taxes which seek to iron out the effect of exchange rate quotas. According to the reform package agreed at last year's price fixing quotas are differences between member

### Kadar set for another leadership term

By Leslie Colitt in Budapest

THE HUNGARIAN Communist Party congress which opens today is expected to confirm Mr Janos Kadar (73) as leader for another five years of the country be bas led since the 1956 uprising. Countrywide

Countrywide preparatory meetings bove voiced repeated criticism of the failure to meet one of the most important goals set at the last congress-main taining living standards. The party acknowledges that only a third of workers have been able to maintain their standard of living, with another third doing so by taking second or third jobs. The remainder suffered e fall.

The congress is expected to announce that real wages will begin to rise again this year after falling for several years because of an inflation rate of some 8-9 per cent.

# IMF tells Italy to curb spending

BY JAMES BUXTON IN ROME

from the International Monetary
Fund for failing to keep public
spending, incomes and money
supply under control.

Mr Alan Whittome, the IMF
European director, has told the
Government of Sig Bettino
Craxi that if corrective measures are not taken rapidly Italy could "in the not too distant future return to a path of slow growth, unemployment and rising inflation."

The letter, published in a newspaper yesterday, acknowledges Italy's relatively-fast
economic growth in 1984, its
achievement in getting inflation down to single figures and
the strength of Italian industrial in highest of any industrial any curbing of spending.

Government acting immediately on the IMF's advice are slim.
Italy is in the middle of a long campaign for local elections in May, which virtually rules out any curbing of spending.

However, it says the authori-ties have allowed the money supply to expand too fast since late last year. The containing of the PSBR last year to roughly within the official target was more apparent than real be-

Greek vote

inconclusive

in round two

ANGRY SCENES, including the

stormy second round of voting

The second round, like the first a week earlier, was incon-

first a week earlier, was incon-clusive. One bundred and eighty-one MPs voted in favour of Christos Sartzetakis, a Supreme Court judge and the only presidential candidate, nominated by the governing Socialist Party (Pasok). Asida from the 164 Socialist MPs, sup-rout for the government candi-

port for the government candi-dote was declared in advance by

the 13 Communist MPs and four

The result fell 19 votes short

of the 200-strong majority required in the 300-member

Parliament for election in the

It brought relief to the

Socialists, however, in exceed-ing by one vote the reduced majority of 180 which will be

enough to elect Mr Sartzetakis in a third round of voting next

Friday, under the Greek presi-dential election system.

The Government received a shock in the first round when,

against expectations, only 178

MPs voted for its candidate in the prescribed secret ballot procedure. The result caused widespread speculation about

the possible presence of dissi-dent MPs in the Socialist ranks.

all its men had toed the line, but on Saturday it surprised the

House by introducing different coloured bellots for the second

round of voting—blue for, and white against Mr Sartzetakis.

Portlament regulations specify that ballots must be "uniform."

The usual practica is to issue

white ballots, which MPs leave

blank or mark and place in an

envelope at their benches, before casting in the ballot box.

violating the secret ballot rule prescribed by the constitution.

Kremlin appointment

Mr Anatoly Mayorets, 55, has replaced Mr Pyotr Neporezhny,

74, as Soviet minister for power

and electrification, Reuter re-

ports from Moscow. Western

diplomats said the move was

a sign that Mr Mikhail Gorha-

chev, the Soviet leader, was wasting no time in appointing younger technocrats in his

drive to revitalise the country's

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sluggish economy.

The Conservative opposition

The Government insisted that

first or second round.

ment on Saturday during

for a new President.

temporary hijacking of the ballot box by an opposition MP, broke out in the Greek Parlia-

The Government's sims to re- on health and pension

per cent, to achieva ecenomic growth of 2.5 per cent while keeping the current account deficit to not more than 0.5 per cent of gross domestic product will only be achievable if there is swift action to hold down wages and reduce wage indexa-

ITALY is facing criticism again cause local authorities, who country unless the Treasury from the International Monetary would otherwise have been acts now to hold down the pay Fund for failing to keep public funded by the Treasury, bor- of its several million employees. rowed instead from the banking In the long term, action mustsystem.

n nealth and pensions. The letter also says there is a danger of real interest rates growing faster than GDP this year as the Government finances its deficit by selling bonds to the public. The expansion of the money supply must be restrained at once, the Fund says.

However, the chances of the Government acting immediately

COMPANY ANNOUNCEMENT -

# **Botswana RST**

Incorporated in the Republic of Botswana

Botswana RST Limited advises that its subsidiary BCL Limited (BCL) has signed a long term refining and matals purchase contract with Falconbridge International Limited (FIL) which is subject to fulfilment of a number of conditions

Inter alia, these conditions and it the satisfactory termina-tion of BCL's existing matte parecials, agreement with Amax Nickel Inc. (ANI) and agreement by the inlaw lenders to the BCL project.

The contract provides for the Falconbridge refinery at Kristiansand, Norway, of approximately 6 500 tonnes of matte in 1985, 21 000 tonnes in 1986 and 42 000

tonnes annually from 1937 until the end of the contract in 1999. The nickel and copper contents of the matte are approximately 36 per cent and 41 per cent, respectively. In order-that BCL's total production is refined it will be necessary for it to enter into agreements, both short and long term, with other nickel refiners and discussions to this end are currently well advanced.

It is emphasised that these arrangements with FIL and others form an integral part of a further restructuring of the debt owing in 1985 and thereafter to the parties to the Agreement and Plan of Reorganisation dated as of 1982 and are contingent upon the terms of that restructuring being agreed.

While the terms of the contract with FIL will be an improvement on those of the existing agreement with ANI and should substantially improva BCL'a ability to meet indebtedness to various parties, the prospect of any payment of dividends on the ordinary shares of the company remains remote in the extreme. Registered Office:

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March 22, 1985

# **Base Rate Change** BANK OF **BARODA**

Bank of Baroda announce that, for balances in their books on and after March 25th. 1985 and until further notice their Base Rate for lending is 13½% per annum. The deposit rate on all monies subject to seven days' notice of withdrawal is 10½% per annum.

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SEOUL HILTON INTERNATIONAL WHERE THE WORLD IS AT HOME IN

# DKB ECONOMIC REPORT

### Business investments continue to give an impetus to Japan's economy amid slowing exports

summer of last year, the pace of U.S. economic expan regained some momentum in subsequent months. Real GNP growth during the last quarter of 1984 achieved an annualized 4.9 per cent over the preceding period, up considerably from 1.6 per cent in the third quar-

In 1984 as a whole, the U.S. economy recorded a real growth rate of 6.9 per cent, the highest since 1951. Behind this strong performance were: 1) permeation of the effects of investment tax credits and an income tax cut on an unprecedented scale; 2) increased real income resulting from low inflation; and 3) strong demand left pofulfilled due to the deep and prolonged recession of 1980-82.

Whether the U.S. economy will be eble to maintain expansion depends critically on the trend of the budget deficit. President Reagan's budget message sent to Congress on February 4 indicated that the massive budget deficit is likely to persist for several years, meaning that interest rates there will also continue to be at a high level. In order to condidate stable growth of the U.S. economy, o deeper reduc-tion of the budget deficit will be

Record current account

surplus for Japan On the strength of the expansion of overseas economies. particularly in the U.S., Japan's exports in dollar terms increased 15.8 per cent on a customs clearance basis in 1984. This far aurpassed the previous year's 5.8 per cent. By market, exports to the U.S. rose a whopping 40 per cent. Of the entire export increase of \$23.2 billion during the year, \$17.1 billion, or 74 per cent of ail, was accounted for by those to the U.S. Shipments to China, South Korea, Hong Kong and Mexico also showed notable growth. Oo the contrary, exports to the Middle East declined 17 per cent, while those to Western Europe recorded a modest gain of 3.8 per cent.

Imports also showed a sig-

strength of a business upturn. On a customs basis, they increased 8 per cent in dollar terms. However, after the conbouous drops in 1982 and 1983, the dollar value of imports at \$136.5 billion in 1984 was still below the \$143.3 billion of 1981.

These trends of exports and imports left a trade surplus of \$44.4 billion (measured in the balance of payments statistics), far exceeding the past peak of \$31.5 billion set in 1963. Meanwhile, the non-merchandise trade balance ran a deficit of \$7.8 hillion, smaller than the \$9.1 billion in the preceding receipts of investment earnings from swelling net external assets. All told, the current account balance in 1984 ballooned to \$35 billion from the \$20.8 billion in 1983.

Signs of slowdown in trade

Strong as exports and imports were last year, their growth on a month-to-month sis has been slowing since last aummer. (See chart.) The moving average of curtoms-cleared exports oo a dollar-based value has been oo a declina since December, while the value of export letters of credit, an indicator of the future trend of exports, fell from the preceding month for three consecutive months from November through January. Even taking into account the effects of the yen's fall against the dollar, which has been making the dollar value of exrecent months, it is without question that the deceleration of the U.S. economic expansion is a fundamental cause of the slow down of exports. lo a year-to-year comparisoo, growth of exports to the U.S.

slowed to the 20-per cent level In terms of the moving average, imports have also been on a downturn since last September. While the drop stemmed partly from a high level of crude oil imports made prior to a raise of the petroleum tax in September, decreased competibveness of imported goods

San Francisco, Toronto, São Paulo, Mexico City, Caracas, Buenos Area, Franklut, Paris, Madrid, Bahrain, Jakaria, Kuala Lumpur, Bangkok, Beijing, Shanghai, Sydney, Melloouma **Subsidiaries** in: Los Angeles, Toronto, Amsterdam, Zurich, Hong Kong, Sydney **Associated Companies** in: São Paulo, Hong Kong, Bangkok, Singapore, Kuala Lumpur, Jakaria, Manta, Sydney

ening was also an important

Since exports and imports are moving in almost parallel directions, Japan's trade surplus is still expanding.

(Advertisement)

Biggest production increase since 1973

Mirroring steady expansion of the economy, mining and manufacturing production increased by 11.1 per cent in 1984 over the preceding year. Despite a 0.7 per cent drop in December, output increased 2.8 per cent during the October-December quarter over the preceding period. The production outlook index points to a 1.1 per cent increase in February, following the 0.6 per cent rise in Jaouary, both over the preceding month. It presumably is against the

background of the continuous strength of capital investment a strong upcurve despite slow ing exports. For example, ships of capital goods, a coin cident indicator of capital in-vestment, increased by 5.0 per ceot during the October December quarter over the preceding period. Orders for machinery, a leading indicator, also gained 7.8 per cent during the same period. According to a recent survey by the Economic Planning Agency, capital in-vestment in industry as a whole is estimated to have risen 1.3 per cent during the October-December quarter; it is expected to rise 2.6 per cent and 2.8 per cent, respectively, dur-ing the January-March and April-June periods this year.

Still lackluster personal

consumption Personal consumption is still void of a feeling of clearcut recovery. Household consumption expenditures (inflation-adsted) increased 0.9 per cent in October over a year earlier, but dropped 0.6 per cent in November. Sales at large-scale retail outlets (not adjusted for inflation) rose e moderate 2.7 per cent in October through December over a year earlier. Slow growth of income is responsible for sluggish con-sumption and, therefore, spring wage settlements will have an important bearing on its future Another pillar of the personal sector, housing, is recovering moderately. Housing starts

during October through December increased 4.7 per cent over a year earlier. Concern over the weak

yen's impact Prices proceeded quite stably

in Japan in 1984. Wholesale prices dropped 0.3 per cent from the preceding year, while the consumer price advance ended up at 2.2 per cent. Slack domestic supply relative to demand, and moderate wage increases amid productivity gains brought about such price stability. The weakening of the yeo after the spring of last year failed to push up import prices appreciably because of slack markets for primary commodities. However, the skyrocketing

of the dollar (which is the another way of describing the plunge of the yen) since the turn of the year is starting to have considerable impact on wholesale prices, which rose 0.3 per cent in January over December and 8.7 per cent over the same month of last year. The increase was caused by higher prices of imports and exports under the influence of a Aside from the impact on

prices, a strong dollar works to amplify imbalances in various aspects of the Jepanese economy. First, it makes Japanese products more competitive in export markets and makes imports less so, adding to the nation's trade surplus. Second, it makes export-oriented industries more competitive and import-dependent industries less so, causing wider imbalances among industries. Third, it disturbs the balance between domestic savings and investment by constraining monetary

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The next DKB monthly report will appear April 24.

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### **OVERSEAS NEWS**

### Reagan sets face against major cuts in defence

By Reginald Dale, U.S. Editor, in-Washington

PRESIDENT Ronald Reagan has adamantly reaffirmed his resistance to any major defence cuts in negotiations on a bud-get compromise due to get der way this week,

inder way this week.

In his weekend radio address, he said that waste and unnecessary spending m domestic programmes were largely to blame for the budget deficit. "Vital weapons systems, either conventional or strategic, must not be touched, period."

Wr. Reagan said he had made.

Mr Reagan said he bad made tha point strongly on Friday to Republican Senate leoders, who Republican Senate leoders, who have called for a freeze in reol defence spending in the 1986 budget year. That meeting, while doing little to bridga their differences, established that a working group will start the properties of the companion trying to negotiate agreement on a package of spending cuts

in the next few days.

The President was confident that the two sides were "coming closer to a meeting of minds" on the deficit. He ogain in-sisted, however, that he would not raise taxes or "gamble with America's security, when the Soviet Union is every bit as aggressive, expansionist and dangerous as before."

Maonwhile, Mr Reagon pressed Mr Max Kampleman, his chief orms control negotiator, into service to belp save his MX missile from defeat in two key House of Representatives votes, the first of which is set for tomorrow. Mr Kampelman bas been recalled, from Geneva to make the case that the arms talks would be endangered if the House did not show resolve" by approving \$1.5bn for 21 more missiles, as the Senate did last week.

### Gemavel seeks assurances from Syria

By Our Middle East Staff

The current are in the current a

vana RST

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- 25

water to the lander

PRESIDENT AMIN Gemayel of Lebanon is believed to have sought during consultations at the weekend with President Halez of Syria. two months in which to contain peacefully the "uprising" by hard-line militants in the Christian Leba-

nese Forces.

He returned home vesterday after an overnight stay in Cyprus af ter apparently obtaining assurances of further forbearance by the

Syrian regime.

It regards the virtual takeover of the Christian militias by pro-Israeli militents, led by Mr Samir Geagea, as a serious threat to efforts aimed at bringing about reconciliation between the country's different sectarian and political factions.

The Lebanese bead of state is anxious that Syria should not intervene with force against the dissi-

Yesterday two of the crossing points between predominantly Moslem West Beirut and Christian East Beirut were closed as a result of

During the night there had been four hours of continuous fighting between Lebanese Army units and Moslem militias.

In Cyprus Mr Gemayel met President Spyros Kyprianou for discussions on bilateral relations and the divisions within their respective countries.

 Prime Minister Shimon Peres told his cabinet that Israel would talk "at any time and at any place" with Jordanians and moderate Palestinians, but he firmly opposed from an attempt by crew mem-preliminary talks between an Arab bers to take it over and sati it Government's delegation and the United States.

# Pakistan's new premier wins confidence vote

BY MOHAMMED AFTAB IN ISLAMABAD

THE NEW Prime Ministar of Pakistan, Mr Mohammad Khan Jonajo, was given a unanimous vote of confidence by the national assembly resterday dur-ing a debote in which most assembly members demanded

assembly members demanded that martial law should be lifted immediately.

Mr Junejo said ha had already discussed the lifting of martial law with President Zlo ul-Haq. so that the civilian Government would be abla to function properly. He sald his priority was to bring "full democracy" to Pakistan after eight years of military rule military rule.

The Prime Ministar, aged 54, romes from the backward Sanghar district in Southero Sind province, an area once dominated by the family of the executed prime minister Zulfi-kar Ali Bhutto. He served as the rallway minister for West Pakistan province, when East Pakistan (now Bongladesh) was still a port of Pakistan in the late 1960s.

Mr Junejo will bave to serve under the dominant figure of President Zia, who was swore fora new five-year term at the weekend. He is taking up of the offire when, according to the Minister opposition, all the front rank redured.

political leoders and morethan 2,000 octivists are under arrest. They were locked up several weeks before the February 25 elections for instigating a boycott of the polis. The Government bas admitted arresting only 369. Mr Junejo said he will discuss the question of their release with governors of four provinces of Pakistan.

provinces of Pakistan.

The Prime Minister, who is o middle-of-the-road politician belonging to the former Moselm League Party, said he will shortly announceo cobinet, with "many new faces," including "men of integrity, high calibre and copability." and copability."

President Zla, inougurating

the new parliamant—which includes an 87-member senate or upper house, and a 237-member national assembly, tried to dispell the prevalent view that it is to be o rubber-stamp. He sald "all or any of the constitutional amendments I have made in recent days may be thrown out, changed, or retained by the parliament." Critics say that these changes enhanced Gen Zia's own powers out of all proportion, while those of the elected civilian Prime Minister have been drastically

### Gandhi says India does not back Tamil extremists

late mother.

BY MERVYN DE SILVA IN COLOMBO

INDIA does not support the Tamil seporatists in Sri Lanka and is urging restraint and o de-escalation of violence in the country, occording to Mr Rajiv Gandhi, the Indian Prime Minister.

Mr Gandhi denied that Tomli extremists were being trained in the south of Indio in an interview on the eve of a visit to Sri Lanka by Mr Romesh Bandari, the chief official in India's foreign affairs deport-

"There is an extra Internal dimension to our relations with our neighbours," said Mr Jogoth Mebta, former head of the foreign affairs department. He mentioned Srt Lanka and Tamilnadu in India where mony Tamils live, Pakistan, Punjob, Bangladesh, Assam, Nepal and Bihar, Indio's interest in de-fusing tension with Sri Lanka, may be shorper since the ruling Congress (I) party was badly bruised in the South at the

The noticeobly-lower level of violence in Sri Lanka recently may indicate that India has applied pressure in an effort to promote talks between the two sides. Officials in New Delhi believe that Mr Gandhi is trying to take a less aggressive line in regional policy than that of his bruised in the South at the recent state elections. Mr Gandhi spoke of the "severe strain" on India caused by Sri Lankan Tamil refugees. "Nearly 15,000 in one month alone, and this over and above the 50,000 after the anti-Tamil to take a less aggressive line in riots in July 1983 in Sri Lanka,"

### Naval incident tests **Peking-Seoul relations**

to boat and its crew. The boat drifted into South Korean waters on Friday after a fight among the crew left six dead and two wounded.

Three Chinese naval vessels which entered South Korean woters on Saturday in search of the torpedn boat were met by a show of force and turned away. The Senui Government later issued a strong protest and demanded an apology.

The Chinese bave not coution because of China's close responded publicity, but a statement in Peking said that South Korea's real gross chinese naval vessels had strayed "inadvertently" into South Korean waters.

South Korean waters.

This content was proceeded with coution because of China's close ties with North Korea. South Korea's real gross national product increased by 7.6 per cent last year, according to preliminary estimates by the

CHINA and South Korea have Government said later, however, begun an exchange of messages that the fight was not related to over the return of a Chinese political questions or any attempt to defect.

The exclusion of political factors will make it easier for the strongly anti-Communist Government here to arrange a The incident will provide another test for the slowly warming relationship between the two nations, which have no diplomatic ties. Both government here to arrange a return of the crew and the boat. In 1983 o hijacked Chinese airliner and its passengers and crew were returned to China after a delegation of Chinese officials came to Seoul for negotlations.

The bl-jacking incident led the way to expanded unofficial exchanges between the nations. including visits of athletes. Indirect trade has grown rapidly. Both nations clearly want improved relations but they hove proceeded with

South Korean waters. to preliminary estimates by the Initial reports said the fight Bank of Korea. This compares on the torpedo boot resulted with 9.5 per cent in 1983, although it falls within the Government's 7-8 per cent

8-25%

8-25%

9-50%

9.75%

10-00%

10-00%

### Notice of new rates from Nationwide from 1 April 1985

**Share Accounts FlexAccounts** Bonus-7 Accounts **Super Bonus Accounts Bonus-90 Accounts** 

Capital Bonds (24th Issue) The rate of interest on all existing Capital Bands will be increased by 0-75% from 1 April 1985. The guaranteed extra interest paid an all existing Capital Bands continues unchanged.

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Mortgage Accounts-Existing Mortgages

The rate of interest charged on existing repayment loons for owner occupier borrowers will be 13-875% with effect from 1 April 1985 and the increased level of repayments will apply from that date, except where deeds specify a

Higher rates arising from endowment and pension linked manages will



### Nimeiri crackdown on student activists

By Our Middle East Staff PRESIDENT Jaafar Nimelri o Sudan has continued his crack-down on the country's fragmenied opposition by banning all student political activity muside the Sudan Socialist Union, the only permitted party.

The latest move by the eccentral and languagingly isolated. tric and increasingly isolated Sudanese laader, announced at the weekend was clearly direc-ted first and foremost at the In-fluenca of the Moslem Brotherhood whose leading members were arrested earlier this month.

Commenting on the distur-bances that led to the closure of Khartoum University, Mr Nimelvi accused the Moslem Brotherhood of arming its student members there with "clubs ond iron bars" He also ordered a review m court sentances passed by mam-bars of the Moslem Brother-hood. They had based their rul-

lngs on suspicion rather than evidence ond bad practised injustice rather than justice and fair investigation he charged. Mr Nimelri occused the fundamentalist movement of preparing for 0 "treacherous oct" through contacts "with a stote which practises terrorism in the name of Islam "---ar opporent reference to Iran. He also blamed Libya for supporting the Brotherhood. Further discontent seems bound

without any onnouncement on Saturday,
AP adds from Los Angeles:
U.S. military aircraft flew tha
last Ethiopian Jews (Falashas), from Sudan to Isroel on Friday in a secret CIA operation, the Los Angales Times reported. The number of Jews flown to Israel was not immadiately known, but about 900 were believed to hove been in the

to be aroused by a one-third increase in the prica of bread

Extracts from the statement by the Chairman of Anglo American Industrial Corporation, Mr. W. G. Boustred **AMIC** 

### "Amic maintains dividend in deteriorating trading conditions"

As anticipated in the interim statement to share-holdars, trading conditions deteriorated in the second half of the year and Amic's ottributoble earnings for the year ended December 3i 1984 decreased by 3.1 per cent to R157.5 million. The R100 million rights usue made in June 1984 increased the issued capital to 49.6 million shares and, accordingly, earnings per share, based on the weighted average number of shares in issue, were 7.5 per cent lower at 329.4 cents per share. In the

circumstances, this result is satisfactory and a final dividend of 125 cents per share was declared, maintaining the dividend of 180 rents per share was declared, maintaining the dividend of 180 rents per share was declared, maintaining the dividend of 180 rents per share was declared, maintaining the dividend of 180 rents per share for the year.

The earnings contributed by Amic's subsidiaries increased by 12.6 per cent, with both Boart International and Scaw Metals reporting excellent results.

increased by 12.6 per cent, with both Boart International and Scaw Metals reporting excellent results.

Amic's associated rompany, Amear Motor Holdings, continued to incur heavy losses. For some time it bas been recognised that the South African automobile industry requires rationalisation. Tha agreement reached between the shareholdars of Amear and the Ford Motor Company (South Africol to merge the interests of Amear and Ford SA with effect from January 1 1985 is 0 major step towards achieving such rotionalisation. Amic will acquire a shareholding of approximately 30 per cent in the new entity which is to be called the South African Motor Corporation (Samcor).

Notwithstanding the extremely difficult market conditions, AECI maintained its dividend and Amic's dividend incoma from the associated companies showed a modes improvement over last year's.

Mondi Paper Company's Richards Bay pulp mill project was commissioned on schedule in the last quarter of 1984. The project will generate export earnings and reduce expenditure on imported raw materials and the contribution to the current account of the balance of payments is expected to total R300 million per year.

The excellent results reported by the Ventron group of companies during 1984 confirm the growth prospects for the electronics, telecommunications and power electrical industries.

Economia review

The recent dramatic collapse in the rand, and especi-The recent dramatic collapse in the rand, and especially the fall during Januory this year, relates essantially to the inability to control government spending and, given that precondition, an undarstandable unwillingness to face the full ronsequences in the form of monetary stringency. A collapse of this magnituda must clearly be to the detriment of the eronomy as a whole, particularly one which is substantially reliant on Imports. The inevitable adverse repercussions are already all too evident.

evident.

The bard fact which this country has yet to come to terms with fully is that economic policies which are at present prevailing in the western world have bed an adverse impact on the dollar prire of gold and, as a result, our total foreign exchange earnings hove been reduced, despite favourable performances in some oreas. The rountry is now poorer, and debate, in essence, revolves around bow best to allocata the impact of a reduced national income. In this contaxt, the higher

the level of govaroment spending, tha greater the burden of adjustment will be on the privote sector. No view of South Africa's economic prospects can offord to ignore this issue. Indeed, it has olready received widespread publicity, but it is romplicated by the decision to broadan the involvement of all South Africans in the process of government. The underlying reality, bowever, is that present government spending treods threaten the basis of economic growth, and thus the foundation for, and injectus to, the type of socio-political change that is

impetus to, the type of sucto-political change that is desirable.

Of course, the private sector also has a major burden of responsibility in these difficult times. The management of manpower resources in the broadest sense remains the central issue. Adjustments to present difficult circumstances, in which sacrifices are inevitable, must be mada in an effort to farilitate understanding of the processes at work by both employer and employee. Industrial relations

In 1984 there was an increase in pressure to cut economic links with South Africa, which was particularly evidant in the United States. Whilst it is appreciated that industrial democracies might see shortcomings in South African society, it is difficult to understand how raduced prosperity will lead to progress towards a more equitabla state of affairs. It is vital that leaders in alt communities and in all areas of society should think carefully about the short- and long-term consequences of aconomic sanctions. This rorporation believes that the damage caused by such sanctions would be profound and to the detriment of all South Africans. The black trade union movement has a special responsibility in

and to the detriment of all South Africans. The black trade union movement bas a special responsibility in this regard and must consider whether the material well-being of its members is best served in an economic climate of prosperity or adversity.

Significant progress has been mada in 1984 in building co-oparation and understanding with unions representing Amic employees. Amic management is aware of the constructive role trade unions can play in the offairs of the group and is confident that relotionships can continue to develop in a positive way. to develop in o positive way. Outlook

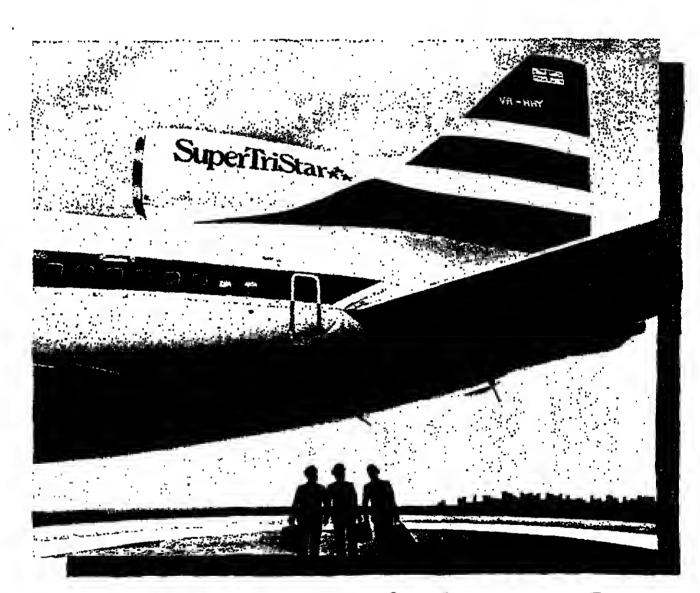
The South African economy has entered an extremely difficult year and many companies which are unsoundly based will bave to rationalise or cease operations.

The timing of an upturn is impossible to forecast. Any sustainable recovery will depend on the ability of the business sector to remain rompetitive in both local and international markets. South Africa canoot live beyond its means any longer and must adjust to the changed world economic circumstances.

The Amic group has a strategy of consolidation for 1985, and forecasts, which have been based on the assumption that there will be no further significant deterioration in the economy, indicate that earnings for the current financial year will be similar to those for 1984.



The annual ocneral meeting wilf be held at 44 Moin Street, Johannesburg on 25 April, 1985.



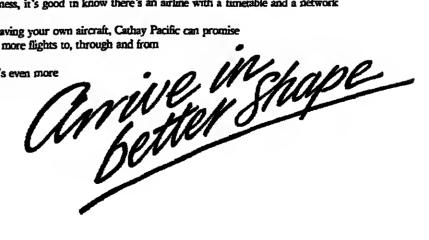
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.... Par 12

WITH A Red Flag limousine by the entrepreneur and trader containing the British Ambassador at its head, the convoy Development Incorporated regis-

agencies.

of Mercedes saloons threaded

through Shanghai's southern

suburbs, crawled along a choking tunnel under the Huang Pu

river and drew up beside a sea

From this waterlogged waste-land, until a year ago a cebbage

patch sprinkled with peasant

cottages, is due to rise one of

tha biggest flat glass factories

in the world.

It is the site of one of the

rare manufacturing joint ven-tures hetween a British com-pany and the Chinese state.

Pilkington Brothers, the Lanca-

shire glass company is licensing

its famous float glass technology to the Chinese and is taking a

12; per cent equity stake in the

of churned mud.

# Soviet Union and Finland in oil rigs joint venture

BY OLLI Y. VIRTANEN IN HELSINKI

RAUMA-REPOLA, the Finnish shipbuilding and forest industry group, is to build parts of two giant oil drilling rigs in a joint venture with a Soviet shipyard.

Vyborg shipyard would build and deliver the superstructure to the western coast of Finiand where Rauma's shipyard would complete the rigs. The " jack-up "-type rigs will be the biggest of their kind in the world and they will be placed in the Arctic region of the

rigs.
The legs and the boisting

Rauma-Repola's sbare of the out that the Soviet Union is deal is worth FM 300m (£37m), still in the early stages in one third of the value of the extracting its under-water oil reserves.

assemble the parts shipped over from Finland. which is building rail cars for the Soviet Union. the Soviet Union.

is to start production of lightweight Avtek aircraft in Finland, following signature of a licensing agreement with Avtek, nf the U.S. Valmet has made a substantial equity investment in the California-based com-

The agreement is seen as a too expensive to export.

Rauma-Repola is building two jack-up rigs for the Soviet Union by itself but joint ventures would secure volume for the Finns. The group points

Finnish companies have almed mechanism of the platform will for closer industrial co-opera-be built in Finland. A Soviet tion with the Soviet Union shipyard in Vyborg, near the Fenno-Russian border, will clude Rautaruukki, the mining build the platform structure and and metal industry company.

The rigs will stand on three

144m legs. The size of the platform will be 140m by 70m.

Rauma is also negotiating a
deal to build semisubmersible
rigs with the Sovlet Union.

According to Initial plans, the

### Valmet Oy to make Avtek aircraft under licence

VALMET OY, the Finnish salvation for the Finnish air-

Salomon Brothers International Limited

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Sparkassen Aktiengesellschaft

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Application has been made to the Council of The Stock Exchange for the Notes to be admitted to the Official List.

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Société Générale

March 25, 1985

S. G. Warburg & Co. Ltd.

metal and engineering company, craft industry.

is in start production of light.

State-owned Valuet runs the country's only aircraft construc-tion company. By this autumn It will bave assembled all 46
British Hawk jets (excluding
four assembled in the UK
ordered for the Finnish air force. Valmet's military training aircraft models have proved

### **EEC** to take venture capital stakes

By James Buxton in Rome THE European Commission is to take direct financial stakes in venture capital investments. It is prepared to spend Ecu 1.2m (£750,000) this year as part of a pilot scheme involving innovative projects which cross borders between one country and another.

announcement made in Rome by the Euro-pean Venture Capital Asso-ciation (EVCA) which has nearly 100 members from Europe's venture capital companies.

Venture capital companies take minority equity stakes in new, preferably innovative, husinesses with a view to developing advanced industry. The venture capital movement bas spread from the U.S. to Britain and is also taking root in the Netherlands, West

Germany, France and other EEC countries.

The Commission will be prepared to invest between Ecu 50,000 and Eco 100,000 and in exceptional cases up to Ecu 200,006—and will be

taking stakes of np to 30 per cent of the equity.

The projects will be put to the Commission after being approved by a steering com-mittee of the ECVA. To avoid delays due to red tape, the Commission will be assumed to have approved the pro-jects if it dues not reply

within 10 working days.

To receive Commission backing the project has to be inovative and to involve a syndicate of venture capital The scheme is npen only to small and medium-sized

U.S.\$200,000,000

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FIRST HEARINGS on the Bill to limit textile and garment imports into the U.S. begin presented to Congress last week. The main provision is that before the sub-committee of the countries which account for House Ways and Means Comover 1.25 per cent of the total mittee on April 2. U.S. import bill would have their 1985 textile exports limited to no more than 1 per The Bill, instigated a pressure group called Fibre, Fabric and Apparel Coalition for Trade (Fsct), a grand coalition of

Its partner in the project is surance brokers, were eccom-the Yaobua General Glass panying the recent sales mis-works, which employs 8,000 in slon of Britisb industrial heavy-

its factory next door. Another weights led by Lord You 121 per cent is being invested isler without Portfolio.

Bill to limit U.S. textile

imports gathers support

cent above the level that would bave existed in 1984 had the multi-fibre arrangement (MFA) employers' organisations and labour unions, led by the American Textile Manufac-turers Association (AMTI), has been policed properly. From 1986 on these major exporters, which include Hong gathered enormous support Kong, South Korea, Jspan and Taiwan, will be allowed a 1 per within Congress.
It has become clear that the Bill is a lot tougher in inten-

### Baghdad power contract

goes to French By David Marsh in Paris

RAQ HAS signed a FFr 500m (£44m) contract with the French state-owned Compagnie Generale d'Electrichte group to belp to improve the country's electricity supply infrastructure. The contract, which follows similar deals for electrification

work, is for setting up seven turnkey transformer sub-stations for the Baghdad region. They are scheduled to be in operation by 1987. The order was signed with the Cogelex Alstom consortium, grouping the CGE subsidiaries

GEE Alsthom Atlantique and Cables de Lyon. The contract comes at a tima when further difficulties in Iraq's financial position bave led the country to conclude a new rescheduling of debt re-payments due to France. To

agreement, reaction earther this month following a visit to Paris by Mr Tarek Aziz, the Iraqi Vice-President, was the fourth Franco-Iraqi debt rescheduling accord of the past France, which has been a major supplier of arms to Ireq

in its long-running war with Iran, is also lending Baghdad FFr 900m to finance construc-tion of an oil pipeline between Iraqi oil fields and the Sandi Arabian Red Sea port of Yanbu.

x passengers we match airline ta With twelve we halve them."

### SHIPPING REPORT Kharg blast reports weaken

Cost snags hit Pilkington's China project

tion, the joint company bopes to get within weeks the final

approval it needs from the State

more funds can be released this

year. The delay, it seems, has

run; and until approval is given,

When the joint venture agreement was signed in March, 1983, so optimistic budget figure of

tered in Hong Kong. The Bank highest level when the mission

Time is money," said the Planning Commission so that

materials.

of China bas 25 per cent and

tha rest of the equity is beld by the China National Glass and

Ceramics Corporation and other

faded red characters on a silent

pile-driver. The message was

not lost on the pin-striped

British VIPs as they descended

nf the difficulties Pilkington

bas encountered with its ambi-

tious investment in today's

aador to Peking, Mr James Prior, the former Cabinet Min-

ister an now chairman of GEC,

end Mr John Swinglehurst, dir-

ector of Sedgwick, the big in-surance brokers, were occom-

weights led by Lord Young,

open door " China. Sir Richard Evans, the ambas-

from their cars to learn some

attacks on shipping during the Iran-Iraq war.
Reports that Iraq had hit the Iranian oil terminal of Kharg Island, also weakened the market, though some owners are still prepared to load there.

In the turmoil of the war, many deals in the area are kept secret. Rates have generally eased, however. The major risks of trading

The major risks of traung in the northern Gulf area have not boosted rates because the surplus of world tanker tonnage remains huge. Drewry, Shipping Consuitants, said the world supply of tankers was 264m deadweight tonnes, of which VLCs and ULCs (very large and ultra large crude. large and ultra large crude carriers) account for 54 per-

Last year, however, the number of VLCCs and ULCCs—fankers over around 200,000 dwt—which ware scrapped fell to 49 from 65 in 1963.

Drewry reckons that in 1960 on pretent forecasts for

1990, on present forecasts for scrapping sales, the tanker industry could still face surplus of nearly 20 per cent of tonuage supply.

### Indian oil deal

The state-owned India Oil Company, has signed a \$400m (£333m) deal with Petromin of Sandi Arabia for 2m tonnes of crude oil. The deal is for 60 per cent Arabian light and 40 per cent Arabian heavy,

deal at the Sandi Ministry of Petroleum. Indiz's largest supplier of nil is the Soviet Union.

BY CHRISTIAN TYLER, TRADE EDITOR, RECENTLY IN SHANGHAI thet Pilkington's problems in studies. Local equipment and Sbanghai were raised at the materials could cost more than in Britain, according to a senior Pilkington manager, and occawas in Peking.

As a result of that intervensional shortages already of local
and consent has forced the steel and cement has forced the company to import reinforcing steel for the foundation work

from Japan. The site, beside a tidal creek, was not ideal and has proved been caused by a big cost over- tougher to prepare expected. The company is spending about £2m on a diaexpected. the venture cannot make a pri- spendin ority claim on scarce building phram wall to contain the

currency loans provided by the Bank of China. A contract for Y236m (£80m) was put in. The latest estimate is for Y422m-Y432m by the time the 800 £30m worth of Pilkington equipment has just been signed.

Construction should pick up in the autumn once the awaited approval is given. But the

metre long plant is up and turn-ing out 5,000 molten tons of glass a week in early or mid The escalation of costs was foreign partners are still in negotiation over payment of Peking their dividend once the glass likely. due partly to delays and partly to a mismatch between the

And there can be little doubt foreign and Chinese feasibility works is in production.

And there can be little doubt foreign and Chinese feasibility works is in production.

The official line in these cases is that a foreign partner can repatriate his profits in hard currency earned from his joint

venture's export sales.: Where a substantial procortion of output is destined for export and the equity stake is small, there may be no difficulty. The problem arises when the stake is large and most of the sales are inside China and are paid for in non-convertible

If Pilkington is feeling a little water,
But equipment orders are moment its ebullient senior going ahead with the use of manager for the project, Mr foreign exchange and Chinese Patrick Furlong, was showing no signs of distress.

Waving his arm over the muddy landscape he cheerfully noserved: "Of course if everything goes wrong, it will be the biggest swimming pool in Asia." With a former British Cabinet Minister interceding for him in Peking that does not look

# tanker trading

By Andrew Fisher, Shipping Correspondent
TANKER TRADING in the Gnif suffered further last week from the continued attacks on shipping during

Attempts are being made to

boost scrapping, headed by the London based Inter-national Maritime Industries Forum (Imif) and supported by Japanese and South Korean shipbuilding com-

writes Barre in Riyadh. Mr A. J. A. Taure, chair-man of Indian Oil, signed the

### Washington toughens stance on Japanese trade BY STEWART FLEMING IN WASHINGTON

AS THE April 1 deadline for months of negotiating a final the finalisation of regulations accord has been reached with soverning Japan's newly privational Japan on restricting steel exceed telecommunications market ports to the U.S. dears. U.S. officials have adopted a bectoring tone about the whole U.S./Japanese bilateral grade relationship.

Top Reagan Administration officials have warned that unless Japan makes trade concessions Congress might resort to the imposition of special discriminatory barriers against Jepanese products. Senator John Danforth, a

supporter of free trade but a man who is concerned about U.S./Japanese trade relations, reportedly refused to meet Japanese trade delegations.

Observers are now questioning whether the patience of the Administration and Congress with America's major Asian competitor has finally reached breaking point. -But it siso is being asked whether the thetoric is being carefully orchestrated to coincide with the first major bilateral hurdle ince President Reagan and Japanese Prime Minister Mr. Yasuhiro Nakasone met in Los

Japanese Prime Minister Mr. mechanism to reconcile different Yasuhiro Nakasone met in Los encesences over negotiating Angeles in January.

At that meeting the two leaders agreed to formal takes aimed at improving U.S. producers' access to Japanese telectonics, in Washington, Suggests in Washington, Suggests

"We can have a business meeting on board in

Separately Mr Lionel Olmer

the Commerce undersecretary, told a meeting of the Electronic Industries Association that "Japan has made o very serious effort to accommodate our interests," on the telecommunications issue, he said.

But according to one senior Administration official close to the talks the negotiating posi-tions reflect not co-ordination but a lack of co-ordination among the various Government merce Department, the Agricul-ture Department, the Office of the President's Trade Representative and the State Depart-

ment.
Although Mr George Shultz, the Secretary of State, was put in charge of the overall negotiations from the U.S. side, according to this official he has not played an active role. More-over, there is, according to this assessment, "no strong mechanism to reconcile differ-

durers' access to Japanese tere-communications, electronics, mics in Washington, suggests obarmaceutical and forest pro-that in adopting a tough tone towards Japan, the Administra-tion may also days been seektrade officials do ton may also have been seek in the toric directed at Japan on and domestic political constituate issues is a negotiating tuencies with Washington's strategy, privately they maintain that the tactic has worked.

One official pointed to last posed by the surging U.S. deficit week's announcement that after, with Japan at \$3700 last year.

### WORLD ECONOMIC INDICATORS

	FOREIG	n exchange r	<b>ESERYES</b>	
'J.S. 'apen W. Germany	Jan. '85 6,270 .22,544 .34,207	(U.S.\$m) Dec. '84 6,656 22,283 35,028	Nov. 34 6,263 22,021 35,477	jan, '84 6,295 20,669 37,152
'JK	6,739	6,969	6,812	17.907
italy	19,080	19,067	19,995	
Tetherlands	7,624	7,778	3,631	8,438
Telgium	3,629	3,608		3,432
rance	Dec. '84	Nov. '84	Oct. '84	Dec. '23
	19,102	20,467	20,403	18,057
				Source: IMF

### "It's so convenient. We can visit all our plants and still be home in time for supper "Bet your Financial Director can't gue "On shorter routes its justify this aircraft to the Board on straight executive jets standing "It's nice to be able to move around withou stooping — and I'm 6ft tall." se team back from a confi

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If you want to fight toughening competition and tightening budgets, you'd better give Jeistream 31 serious consideration.

This impressive pressurised turboprop can be whalever you want it to be. 18 seaf airliner, Air. charter. 12 seat executive shuttle. 9 seat luxury corporate. As the growing world wide order book from airlines and companies now shows.

The big aircraft features include: an incomparable 5'11" × 6'1" × 24' cabin, Low fuel burn from Garrett TPE 331-10 enginea and Dowty Rolol propellers. Significant break-even levels. Superior corrosion protection and airframe integrity.

in other words, if you are looking for a 'Big Feel' small eircraft which offers unmetched

reliability, economy, comfort, amenities, and higher construction standards, then look at ... Jetstream 31. See what everyone's talking about.

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Interest on the Nates Is payable monthly in arrears, commencing May 3, 1985.

### JUN POTTERY FROM YIXING, CHINA

Jun Pottery is unique to Yixing, China's ceramics metropolis. Distinguished by its thick purs glaze, simple but elegant design, excellent workmanship and wide range, Jun Pottery is well received all nver the

Our range include flower pots, miniature landscape pots, fish bowis, garden table and stool sets, pick holders and dragon vat. ideal for gardens, hnmss, restsurants and hotels.

Besides Jun Pottery, we also export Violet Sand Earthenware, Celadon Ware, Artistic Ceramics and Sanitary Ceramics. Please see us at the Canton Fair (April 15 - May 5, Gaungzhou, China) or contact our



China National Arts & Crafts I/E Corp., Jiangsu Ceramics Export Dept 32, Zhongshan Rd. North, Nanjing, China Cable: "CERAMICS" Nanjing Tel: 34351

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	Allied Irish Bank	13 3 %	Knowsley & Co. Ltd 14
	Henry Ansbachsr	131%	Lloyds Bank 13
	Amro Bank	131%	Edward Manson & Co. 15
	Associates Cap. Corp		Meghraj & Sons Ltd, 13
	Banco de Bilbao	131%	Midland Bank 12
	Bank Hapoalim	131% =	Morgan Grenfell 13
	BCCI	72 Ju	Mount-Credit Corp. Ltd. 13
	Bank of Ireland	14, %	National Bk, of Kuwait 13
	Bank of Cyprus Bank of India	1317	National Girobank 13
	Bank of Scotland	1216	National Westminster 13
	Banque Belge Ltd	13107	Northern Bank Ltd 13
	Barcisya Bank		Norwich Gen. Trust 13
	Reneficial Trust Ltd	1410	People's Tst. & Sv. Ltd. 14
	Brit, Bank of Mid, East	134%	Provincial Trust Ltd. 14
	Brown Shipley	14 %	R. Raphael & Sons 13
_	CL Bank Nederland	13100	P. S. Refson 14
	Canada Perm'nt Trust	13402	Roxhurghe Guarantee 14
	Cayzer Ltd	13102	Royal Bank of Scotland 13
	Cedar Holdings	14 %	Royal Trust Co. Canada 13
	Charterhouse Japhet	1319.	J. Heory Schroder Wagg 13
_	Choulertons**	- 10	Standard Chartered 13
	Citibank NA	134%	TCB 13
	Citibank Savings	121%	Trustee Savings Bank 13
	Clydesdale Bank	1319	United Bank of Kuwait 13
	C. F. Coates & Co. Ltd.	14÷%	United Mizrahi Bank 13
	Comm. Bk. N. East		Westpac Banking Corp. 13
	Consolidated Credits	14 %	Whiteaway Laidlaw 14
	Co-operative Bank*	1319	Williams & Glyn's 13
	The Cyprus Popular Bk.	134%	Wintrust Secs. Ltd 13
	Dunkan & Co. Ita	19102	Yorksbire Bank 13
	Dunbar & Co. Ltd Duncan Lawrie	13102 -	Members of the Accepting Hou
	Duncan Lawrie	1410	Members of the Accepting Hou Committee.
	E. T. Trust	77 J. O	7-dey deposits 10-2%. 1 mo
	Exeter Trust Ltd	77 Z 10	11.25%. Fixed rate 12 mon
	First Nat. Fln. Corp	151%	£2,500 11.75%, £10,000 12 mon
	First Nat. Secs. Ltd	144%	12.00%.
	D	44104 T	7.day deposits on sums of up

A.B.N. Bank 131%	Johnson Matthey Bkrs. 14 %
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Henry_Ansbachsr 131%	Lloyds Bank 131%
Amro Bank 131%	Edward Manson & Co. 15 %
Associates Cap. Corp 14 %	Meghraj & Sons Ltd, 134%
Banco de Bilbao 131%	Midland Bank 131%
Bank Hapoalim 131%	Morgan Grenfell 131%
DCCL	Mount-Credit Corp. Ltd. 134%
Bank of Ireland 14 %	National Bk. of Kuwait 131%
Bank of Cyprus 131%	National Girobank 131%
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Bank of Scotland 131%	Northern Bank Ltd 131%
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Clydesdale Bank 131%	United Bank of Kuwait 131%
C. E. Coates & Co. Ltd. 141%	United Mizrahi Bank 131%
Comm. Bk. N. East 131%	Omied miziain Dank 13:%
Commi, DK. IV. Edst 14:70	Westpac Banking Corp. 131%
Consolidated Credits 14 %	Whiteaway Laidlaw 14 %
Co-operative Bank*131%	Williams & Glyn's 131%
The Cyprus Popular Bk. 134%	Wintrust Secs. Ltd 134%
Dunbar & Co. Ltd 131%	Yorksbire Bank 13496
Duncan Lawrie 131%	Members of the Accepting Houses
E. T. Trust 141%	Committee.
Exeter Trust Ltd 14 %	7-dey deposits 105%. 1 month
PACIFIC TILES AND 1510	11.25%. Fixed rate 12 months
First Nat. Fln. Corp 151%	£2,500 11.75%, £10,000 12 months
First Nst. Secs. Ltd 141%	12.00%.
Robert Fiaming & CO, 131% t	7-day deposits on sums of under £2,000 10%, £2,000 up to £10,000
Robert Fraser & Ptns. 141%	11½%, £10.000 up to £50,000 11½%.
Grindlava Bank 134%	ACC 000 and own 123
■ Guinness Mahon 131%	Call deposits £1,000 and over
Wambroe Bank 131%	Sail Schabill miless and dans
	103%.
Davidable & Con Trust 1344 f	10 <sup>1</sup> 2%.  21-day deposits over £1.000 11 <sup>2</sup> 5%.
Guinness Mahon 131%; Hambros Bank 131%; Heritable & Gen. Trust 131%; Heritable & Gen. Trust 131%; Samuel 8131%;	10 <sup>1</sup> 2%.  21-day deposits over £1.000 11 <sup>1</sup> 2%.  Mortgage base rate.

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# WHEN SIR STAMFORD RAFFLES LANDE, IN SINGAPORE THE BRITISH GOVERNMENT WAS ALL IN FAVOUR OF FREE TRADE.

NOW GOH MUI JONG WANTS TO LAND IN MANCHESTER, IS THE FEELING DIFFERENT?

When Sir Stamford Raffles founded Singapore, the British Government was keen to trade freely anywhere in the world.

The same philosophy has been adopted by the present British Government.

And it is very much Singapore Airline's standpoint as it argues a case for Manchester services.

### The story so far.

The existing Air Services Agreement between the United Kingdom and Singapore does not lay down the number of services to be operated.

It leaves the airlines themselves to decide how many services to provide, in the light of their own commercial judgement. But the British Government has imposed restrictions on us. We are only allowed to operate one service a day into Heathrow.

In February 1983 and again in September 1984, Singapore Airlines applied to start a new route to Manchester. The Department of Transport agreed to this, but only on condition that SIA's services to Heathrow were reduced.

MIC INDICATOR

-40.00 (25%) 5 - 10 (40%) -

The British Government knows, just as other airlines know, that anything less than a daily service on this increasingly popular route will not make commercial sense. So the Government's response is tantamount to a 'No' to Manchester.

### Why has the Government said No??

1. Does it think there is insufficient traffic to justify extra services?

Since 1976, when daily frequencies with B747's began, passenger traffic has grown from 173,000 to over 300,000 – up 73%. In the same period cargo has grown 145%. Yet, there has been no increase in either BA's or SIA's services during this period.

2. Could it be that it doubts our commercial judgement? Is it worried that we will lose money?

Our track record speaks for itself. Furthermore, Mr Spicer, the Aviation Minister, has said recently that airlines should be encouraged to back their own commercial judgement. This is precisely what we want to do.

3. Does the Government think SIA has an unfair advantage?

SIA has never received a single dollar in subsidy. This has been acknowledgedin Parliament by Mr Spicer himself.

4. Does the Government want to protect British Airways?

Lord King himself has always said



that BA welcomes competition. We ourselves would be happy for a British airline to compete with us on the route.

### Is it commercially viable to serve Manchester?

1. Manchester is an International Gateway Airport. It serves 20 million people in an area that supports 60% of the UK's manufacturing industry.

2. Manchester Airport Authority estimates that in the first year there would be 19,000 outbound passengers to Singapore, and a further 19,000 going beyond. There would be considerable inbound traffic as well.

 SIA does not start new services unless it is totally satisfied that they are commercially viable.

4. That is why the company has made a profit in every single year since it started in 1972. It is now one of the world's largest international airlines, although it comes from a country the size of the Isle of Wight.

### How does this fit in with the Government's position?

The recent white paper on Airline Competition Policy declared the barriers to new services and airlines who can provide a safe and reliable service should be low...Only competition will ensure the flow of innovative ideas, and new management and marketing methods.

Surely, what we are doing is exactly what Mrs Thatcher would applaud.

### Manchester is keen to welcome us.

Britain is Singapore's largest trading partner in Europe. For all the benefits of international trade, increased employment and tourism, the Manchester Airport Authority is keen to welcome us. And certainly it would ease congestion at Heathrow.

People in the North will also appreciate the gentle grace and style of Singapore Girls like Goh Mui Jong who have given us the kind of inflight service that even other airlines talk about.

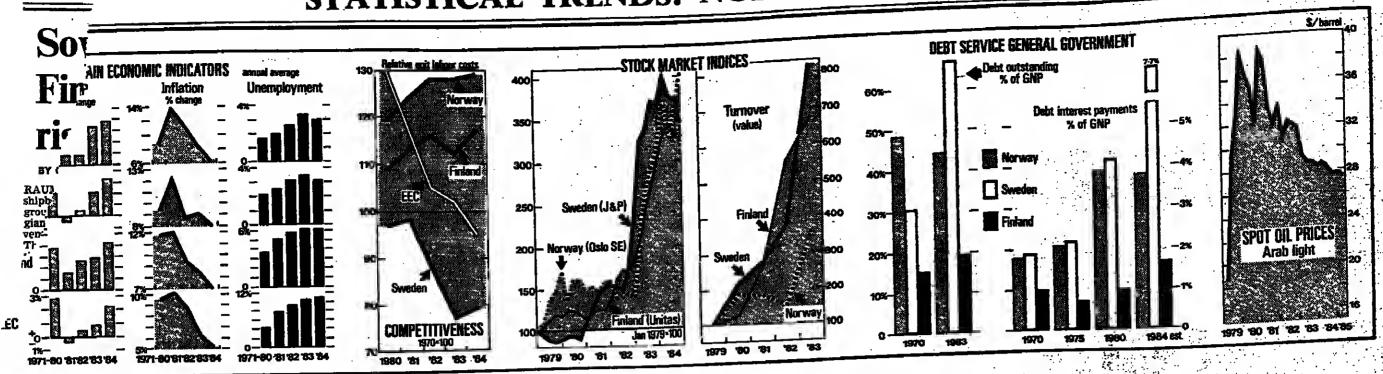
For all of these reasons, Singapore Airlines politely and respectfully asks Mr Nicholas Ridley to change his mind.



1115

SCI

# STATISTICAL TRENDS: NORDIC COUNTRIES



# Exports lead growth rates above EEC average

SINCE 1982, the Nordic economies have expanded much faster than those of the rest of Europe, and last year they achieved growth rates well above the EEC average of 2.2 per cent.

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Norway's economy grew by 3.8 per cent in 1984 with Sweden reaching a growth rate of 3.3 per cent and Finland topping both of those with an increase of 4.2 per cent.

Exports have been the main components of growth in all three countries, although there has been a slight rise in both private consumption and fixed investment.

Problems remain. Although inflation has fallen it is above that of their trade competitors, with Sweden's rate of inflation at 8 per cent, stubbornly high compared with the hoped for fall to around 4 per cent.

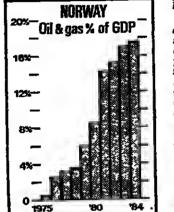
Unemployment by EEC standards is low, particularly in Norway and Sweden, where job creation schemes have kept the unemployment rate at 3 per cent.

The level of wage and price increases has eroded competitiveness, except in Sweden, where devaluation of the krona has allowed the country to retain its competitive position. While the EEC average for relative unit labour costs has fallen by 27 per cent and Sweden's by 19 per cent since 1980, those of Norway and Finland have risen by 8 per

All the Nordic stock exchanges turned in dazzlir performances in 1983, but 1984 turned out to be a dull year with the Swedish market falling back

Between 1982 and 1983 turnover in securities increased by 135 per cent in Norway and by 120 per cent in Sweden. However, the markets can be subject to liquidity problems and foreign investors are restricted to 40 per cent of a company's share capital in Sweden and 20 per cent in

In the Norwegian economy, oil growth. Oil and gas now contribute 18 per cent to GDP, although they make little direct contribution to jobs.



nearly 10 years of deficits, from 1970 to 1979. The oil revenue is essential for continued high GDP growth and to finance

It has led to increased overnment revenue, and to

current-account surpluses after

restructuring in the non-oil industrial sector. The Norwegian economy therefore has become very vulnerable to the value of the U.S. dollar and to the oil price.

Falling prices have been offset by increased production but that production is expected to be lower in 1985 than in 1984 with a fall in export volumes. Overall, GDP growth is expected to slow in 1985.

SWEDEN Controlling inflation remains a government priority. The aim is to reduce it to 3 or 4 per cent from the current 8 per cent

The budget deficit, which the oranger depict, which dates back to the first oil-price shock, is being brought under control. It has fallen from 13 per cent of GNP in 1982-83 to 9 per cent in 1984-85. But the legacy of high budget deficits is a hefty debt-outstanding-to-GDP ratio of 67 per cent, and debt interest payments now account for 8 per cent of GDP. The government aim is to reduce the deficit to 7 per cent of GDP in 1985-86.



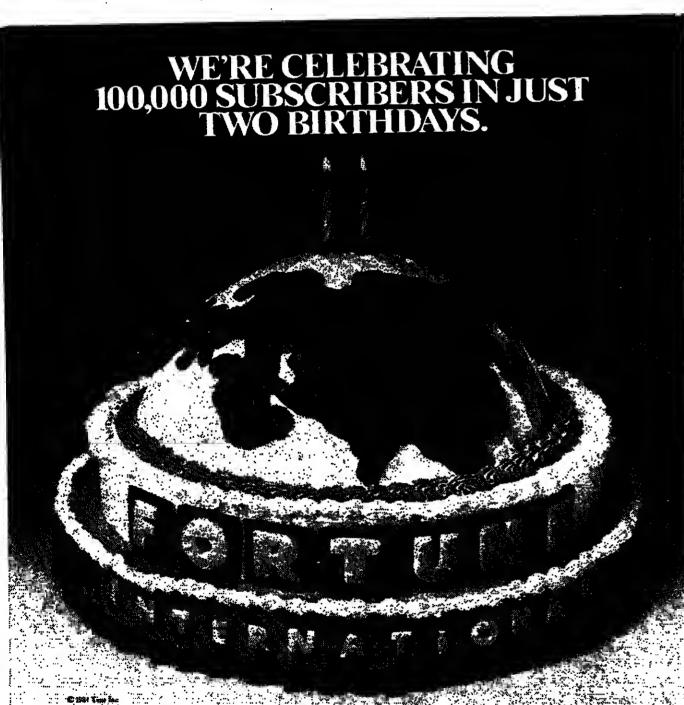
The current account in 1984 was estimated to be in balance and Government tax measures in the autumn should help to keep that balance in 1985.

FINLAND Export-led growth helped Finland to turn in a trade surplus in 1984 for the first time for seven years and to reduce the current-account deficit to \$800m. A drop in exports to the Soviet Union was more than offset by a substantial increase in exports to the OECD countries. Finland's low ratio of debt

outstanding to GDP at 19 per cent reflects a government deficit heading for a balanced position, with the possibility of a surplus in 1985.

Higher wage increases than expected (10/11 per cent) might prevent inflation from falling further from the current 7 per cent level, and adversely affect competitiveness.

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### **UK NEWS**

# **Austin Rover to** invest £140m despite losses

Austin Rover, subsidiary of state-owned BL, boosted capital spending from £120m in 1983 to about £140m even if it costs us sales. It is no last year, or roughly 7 per cent of longer a question of making money revenue, in line with the rate maining the UK and breaking even on the tained by other volume car manu- continent." Mr Musgrove comment

Rover would return to profit be-

to the lowest possible level and money and absorb engineering re-

available and industrial disputes pany's existing engines were al out of the way - Mr Musgrove ready significantly ahead of current maintained he was delighted at the European emission standards beattitude and morale of the work- cause of the electronic engine manforce," after the wages dispute last agement systems Austin Rover had year - Austin Rover looks for a introduced over the past two years.
"significant" increase in car sales in Austin Rover's product plans for

pany's registrations were up by 6.4 standards as they came into force per cent at 58,770 compared with the said.

the same month last year, whereas sales by its main rivals, Ford and General Motors (Vanyhall-Oroll)

Canaral Motors (Vanyhall-Oroll) General Motors (Vauxhall-Opel), a curb on car imports to the UK to were down by 7 per cent and 4.5 per protect Austin Royer and suggested

Mr Musgrove acknowledged, to only 35 per cent of total sales, however, that Austin Rover had to improve its image with the buying public if it was to achieve its future market-share ambitions. "No other company has made such progress import ban would not be in the best in such a short space of time. But the buying public so far has not accepted our changing image." import ban would not be in the best interests of the UK — "but while I don't agree with the union, I can see what it is trying to do."

THE SETRACK in Austin Rover's progress towards profitability last year would not force the company to cut back its capital investment programme, Mr Harold Musgrove, the chairman, said at the weekend.

Austin Particular of the company within the Community closer into line has forced Austin Rover to chairman, said at the weekend.

capital investment would continue at about £140m.

BL reported last week that ARG because we have pushed Holdings, which includes Austin Rover and BL Technology, suffered an operating loss of £25m for 1984

The company has held its annual

after achieving a profit of £3m the previous year. The 1984 target had been to be close to breakeven at the pre-tax profit level and then to achieve a net profit in 1985.

Mr Musgrove indicated it was difficult to found the pre-tax profit in 1985.

Mr Musgrove indicated it was difficult to found the pre-tax d

cause conditions in European car sion to impose more stringent emis-market were so competitive. sion regulations for cars will also Austin Rover had cut its cost base cost Austin Rover considerable sales volumes to improve its finan-cial position. ing given time to get ready for the new standards," Mr Musgrove said

significant" increase in car sales in the UK in 1985. Austin Rover's product plans for "leaner burning" engines should en-able it to comply with the European

protect Austin Rover and suggested imports should by 1988 be restricted compared with over 57 per cent at

Mr Musgrove maintained such an

### Jaguar cleared over discount complaint

BY OUR MOTOR INDUSTRY CORRESPONDENT JAGUAR has been given "a clean has no such "penal policy operating Trading (OFT) after an investiga-tion into complaints that it was lim-

iting the discounts which dealers could give on its hurry cars. Any such limit would contravene the Resale Prices Act 1976 which permits manufacturers to recom-

mend retail prices but not to fix The OFT says it has contacted Jaguar dealers and could find no ev-

idence to support the allegations. The complaints stem from the fact that, since Jaguar was returned to the private sector last August by its state-owned parent BL, large fleet customers have no longer been able to obtain big discounts. There were suggestions that dealers who offered discounts of more than 10 per cent on the list price have had

Mr John Egan, the chairman

discounting a range of luxury cars which are very competitively priced and for which there is a growing de-

our new breed of professional dealers are avoiding the price-cutting war affecting the industry and in stead have grasped the opportunity to trade profitably and provide an unparallelled after-sales service to

Sales of Jaguar and Daimler cars

in the UK last year rose by 6.7 per cent from the 1983 level to 7,544. Mr Egan says he expects huxury car demand in the UK and other big markets to continue to grow this year. "As in 1984, demand for Jag-uar cars will continue to exceed Faced with rising costs of drying berets, hats and yarn by an oil-fired process,

Kangol Wear Limited called in Derek Bond, Industrial Sales Engineer at NORWEB, for advice. He was confident that electricity could help. And he was right.

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NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of April 15, 1971. under which the above described Debentures were issued, First National City Bank (now Citibank, N.A.) as Trustee, has drawn for redemption on April 15, 1985 through the operation of the Sinking Fund provided for in the said Indenture, \$306,000 principal amount of Debentures of the said issue, at the redemption price of 100% of the principal amount thereof. together with accrued interest thereon to the date fixed for redemption, of the following dis-

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March 11, 1985

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Ian Hargreaves talks to the retiring head of Shell UK

# Oil 'statesman' leaves

the budget last week, the chairman of Shell UK had his staff counting the heavy cost to Shell of graduated national insurance payments and, bemoaning the Chancellor of the more and more jaundiced about Exchequer's refusal to provide intaking on jobs in the public sector. centives to produce extra oil from

declining North Sea reservoirs. Mr Raisman was also preparing for his final press conference, be-fore his retirement from the compa-current job as chairman of the ny this week at the age of 55. At CBI's Europe Committee - a that conference, tomorrow, he will explain that Shell UK has made the ish membership of the European first annual loss on its downstream Monetary System - and to join the refining and oil marketing business confederation's new task force on that anyone can remember.

"Last year was a disaster, rela-tively speaking, but it does tend to torships - including British Tele-

That action will be the first priority of his successor, Mr Bob Reid, who, like Mr Raisman, is a career Shell man who has served the company all over the world.

established himself as a leading Raisman has established himself as elling speculation among his though not a charismatic one. Ha is friends that he will shortly take up one of that generation of businessmen who have deep anxieties to be added to the contraction of Particle within the Contract a leading role either within the Confederation of British Industry or the
public sector. There is talk that he
public sector. There is talk that he
promoting agencies — but who have
chairman of British Gas, perhaps to
over time learned to love Mrs

IT WAS not a good time to catch prepare it for privatisation, or even Thatcher's approach to the econo John Raisman. The morning after that he might succeed Mr Ian my. MacGregor at the National Coal

"I think coal is a cup of hemlock I would be willing to let someone else drink," he says. "I have become The freedom of action of individuals is so tightly circumscribed."

As for the CBI, he is more cagey. form he has used to press for Brit-

ntrate the mind on the need to com and Lloyds Bank. "I suppose I action," he says.

have about half a week of my time still available," he says.

Mr Raisman was born in India his father taught him Latin and Greek in between helping to govern Mr Raisman, however, has also India as a senior civil servant. Mr man of the business world, fu- a solid, even powerful performer, al-

Asked whether he thinks Britzin has used its North Sea oil bonanza well, he recalls the days when he used to make tough speeches about the need for an oil-funded investment pool to revive British industry. "I am not so sure now," he says. The money has been spent to enable a lot of social and economic changes to take place."

He also says that the CBI needed to learn the lesson of not being too strident in its conversations with government. That is not the way to pull the heart strings of the Thatcher Government."

He argues that, on balance, both government and industry have done a good job in exploiting North Sea oil and he is especially satisfied at the progress made by Shell during his six-year chairman ship in controlling costs in the North Sea.

He is also pleased at the progress made in developing Shell UK's management structure – striking a balance between an integrated corporate image, which is effective politically, and delegation of decision making and profit centres.

That structure has not, he con-cedes, proved equal to the task of maintaining profits downstream or, as elsewhere in the industry, in suc-

# State grants for hi-tech ventures to be renewed

small businesses and publish its of the DTT's aid programme

Mr Norman Tebbit, the Trade tion and emorts. and Industry Secretary, is today ex-pected to announce a new lease of with the help of seven government life for government grants to small departments led by the DTL will be high-technology ventures. He is made public on Friday. Mr John mons to reveal that the Department musi conference of the for Trade and Industry (DTI) is lift. Federation of Saif Employ ing a five-month moratorium on its Small Bus

source of aid for research and deent projects, was suspended wember when its £200m anhast November when its Leville allocational budget had been fully allocation example, by simplifying given ed. Mr Gordon Pattie, Minister for ment forms, and reducing the Information Technology, said at the amount, of detailed information time that the SFI needed reviewing which small companies must fit which small companies must fit and the second s The precise details of any with the Registrar of Con

changes to the SFI are not known. But this is not enough But its return will be welcomed by the computer industry, which has been lobbying heavily for its revival. Launched in May 1962, the SFI pays 25 per cent of the cost of developments like easier for small to the cost of developments. oping commercially viable products which would not have seen the light of day without government assis-

The DTI has received 4,700 applications for assistance under the SFI to date and has distributed £380m to 2,800 projects. Last year, the Department received 2,500 applications, a 60 per cent increase on the previous 12 months.

THE GOVERNMENT will this though the sector is believed to week unveil two measures to assist have been making inadequate use long awaited report on how to re- cause managers find it confusion duce the bureaucratic "red tape" presented. The new sections will

Tha

planning to use the occasion of the Moore, Financial Secretary to the budget debate in the House of Com- Treasury, on Selunday told the an Support for Innovation (SFI) sarily be pleasant reading for m scheme. The SFI, the Government's chief changes, creating a good deal of

The scrutiny report or make life easier for small compe nies. Some of its proposals are a

Spearheaded by Mr David Trippier, the minister with special responsibilities for small busines report will go to Lord Young, the

Lord Young's Enterprise Unit, The Department will announce meanwhile is examining the range on Wednesday the details of a re- of government support for the small packaging of its 64 industrial aid businesses sector. It will be making es into four easily understood suggestions later this year as to sections. The schemes are not sole- how such assistance might be het

# Ruling expected on Channel ferry sale

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE OFFICE of Fair Trading will But Mr Guilor, chief engineer on

wait to see if he can come up with P&O Ferries staff and of the viabili-the finance for his rival deal before ty of his proposed operation, deciding on its recommendation. Sir Geoffrey Sterling, chairman

the Monopolies Commission for Trade and Industry, on the OFT's views. Any reference must be made within six months from the Townsend is seeking redundan-

date of the transaction.

decide soon whether the £12.5m the Tiger, one of the three ships on ourchase of the P&O ferries cross the Dover Boologne service, said English Channel operation by Euro-yesterday that he was confident of pean Ferries in January should be raising the fAm or so needed to buy day that he was confident of referred to the Monopolies and the vessels which he said could be Mergers Commission. profitable.

It has told Mr Peter Guilor, who He has been told by the OFT that

is attempting to mount a manage. it needs to be satisfied on finance ment buy out of the ships on the for his buy-out which he says is Dover-Boulogne route, that it will supported by many of the former

Under normal monopolies crite of P&O, and also an adviser on in-ria the deal would qualify under the dustrial matters to Mr Tebbit, said Fair Trading Act for a referral to in January that the sale had been made to eradicate a heavy loss Sir Gordon Borrie, Director Gen- maker. The deal gave European eral of Fair Trading, will advise Mr Ferries (owner of Townsend Norman Tebbit, Secretaty of State Thoresen) nearly 30 per cent of the

cies for about a third of the 750 One reason the purchase has not P&O shore and sea staff on the so far been referred is that the al- route from Dover. The ships on the ternative seems to be closure by route are the Tiger, Panther and Li-P&O of the loss-making ferry oper-ation employing 1,100 people and P&O had two other ships salling be-running five ships.

### Insurance claims rise in aviation market

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ALTHOUGH the London aviation But Mr Denis Floyd, chairman of insurance market had a good year the Association, says that during in 1984, the trend has been reversed the first two months of 1985 there

During 1984, according to the Aviation Insurance Offices' Association, there were only eight total losses to Western-built jet airliners, including two lost because of deliberate acts of sabotage, involving about \$60m, in addition to a \$25m claim for a partial loss for a DC-10 stren which skidded off the runway at Tw New York's Kennedy airport. In addition, there were losses by

aircraft manufacturers amounting to \$60m for aircraft on test or de onstration (including the de Havil-land Buffalo that crashed at the Farnborough air show).

To these losses of \$145m there ufactured. may be another \$50m added because of hailstorm damage suffered in West Germany last July which is only now coming to light as aircraft become due for servicing.

in the early months of the current have already been 10 airline losses involving jet and turbo-prop air-craft, with about 400 passengers killed. With liability claims from past

years still maturing, the market is confronted with an ever-increasing claims cost, underlining the need for the continuation of market

Two other elements in the aviation insurance market are also

One is the "products liability" of aircraft, manufacturers, especially. in the U.S., whereby insurance claims can be made long after the product involved was initially man-

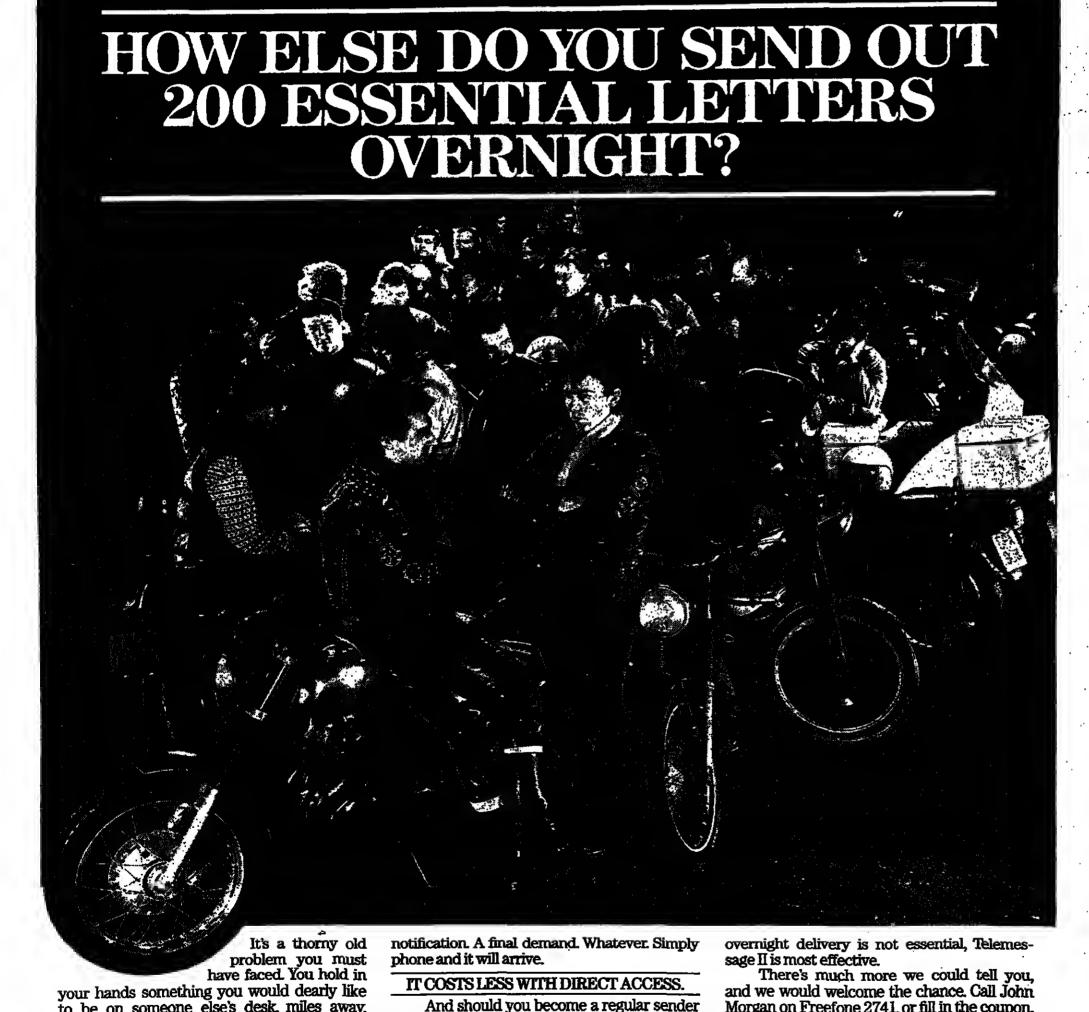
The other problem is satellite insurence. The loss of three satellites during 1984 cost insurers more than \$280m in settlements and "had a sobering effect on the market."

Notice To Holders of U.S. \$100,000,000 GMAC Overseas Finance Corporation N.V. Retractable Notes Due April 1, 1997

nt to paragraph 2 of the Notes and Section 7(g) of the Fiscal and Paying Agency tent dated as of April 1. 1982 between GMAC Overseas Finance Corporation N.V. spany) and Chemical Bunk, Fiscal and Paying Agent, the Company hereby gives that the interest rate on the above captioned Notes for the period April 1, 1985 Maych 31, 1988 will be 11% be per annum.

The new rate of interest on the Notes is based on a rate equivalent to the hree-year U.S. Tressury Note on March 14. 1985. The yield on the three-year Tressury Note on March 14. 1985. The yield on the three-year Tressury rate is the bearest on a serous to defermine the new interest rate which will be effective on 985 through March 31. 1988. The three-year Tressury rate is defined as the saturity for actively traded U.S. Tressury successfuned to the constant maturity for actively traded U.S. Tressury Department for Successfund in the property of the U.S. Tressury Department for Successfund in the Pointer of Region Research Research

GMAC Oversens Finance Corporation, N.V.



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### UK NEWS

# Thatcher to study plans | Retail war for local finance reform

BY PETER RIDDELL, POLITICAL EDITOR

PROPOSALS for a major restruc-turing of local government finance, including nationwide limits on the level of business rates (property

An agreed priority, as stressed by level of business rates (property

An agreed priority, as stressed by Mr Baker in his speech, is to re-some redistribution of the business rate level of business rates (property taxes), will shortly be considered by a group of senior ministers headed by Mrs Margaret Thatcher, the Prime Minister.

Mr Kenneth Baker, the Minister for Local government, told Conservative Party activists at a meeting in Newcastle-upon-Type over the weekend that the internal Whitehall review established last autumn was "well in hand and options will be presented to the Cabinet in the

The decision on how radical the changes will be is one of the most difficult facing the Cabinet, since the rates issue has confounded gov 

Freezing the level of business election each year) to provide greaternments of both main parties and rates (40 per cent of total rate inter accountability.

establish true local accountability away from big cities to smaller and to broaden the local revenue base while protecting business. He said: "At present, the local rates burden falls on too few shoulders,

Many people, he added, were "cushioned by housing benefit from the effects of council spending poli-cies so that the link between rate demands and the ballot box its wearing thin."

Several options are likely to be presented to daal with these prob-

• Freezing the level of business

 Controlling domestic rates and allowing councils to raise revenue in other ways which would fall on everyone. One possibility is a per-head levy, like a poll tax, which evwhile accountability to the electorate is very thin, especially in inner ery adult resident would have to A local sales tax, probably relat-

ed to value-added-tax, or a local income tax, although both possibili-ties have been ruled out in the past. · Changes in the electoral system to ensure that at least district and horough councils are alected on a rolling basis (a third up for re-

# Hostility to pit strike admitted

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LEADERS of the largest area of two other officers, is the first inter-the National Union of Mineworkers and assessment of the dispute by movement." (NUM) are for the first acknowledg- the NUM that has so far emerged. ing the unpopularity of the recent miners' strike in a frank internal miners' strike in a frank internal sponse" of the union's members to assessment of the impact of the "historic fight" of the strike. It year-long dispute. year-long dispute.

A confidential analysis prepared

by the four senior officials of the the attack on the union and the fi-Yorkshire NUM calls for a constructive managerial approach from the National Coal Board, for an end to the divisions within the NUM, and for NUM members to drop their legal actions against the

It praises the "magnificent re-

courts, and says: The ferocity of takes some believing."

The area leaders still claim that "violence was not, and never has been, the issue - nor was the need for a ballot," despite the evidence of union.

The area officials' private report, by Mr Jack Taylor, area president, Mr Owen Briscoe, secretary, and public opinion polls. For the first time, however, tha officials actually the lack of official results the public at large, and in particular and other trade unions."

They say: "It must be accepted that there was a marked bostility during the dispute to the union and

its membership." The document sets against that the "substantial" support the union received although it accepts that "a lot of this support is not from the economically powerful factions of

It is critical of the position of other unions, noting that miners have expressed bitter disappointment at the lack of official response from the TUC (Trades Union Congress)

### Court order against print unions

BY OUR LABOUR CORRESPONDENT

MANAGEMENT of two mass-circuunions to hold a secret ballot of The move by the News Group
lation newspapers owned by Mr Rutheir members before any strike.

The move by the News Group lation newspapers owned by Mr Ru- their members before any strike. pert Murdoch's News Group News-papers yesterday obtained High Court injunctions against two print unions which are taking industrial

and the second of the second o

The injunctions were sought by the Sun, a daily tabloid paper, and the News of the World, a Sunday paper, under the Government's 1984 Trade Union Act. The act requires

against the National Graphical Association and Sogat 82 and 10 have been identified as "surplus to requirements."

Union officials claim the ban will break their contracts by failing to break their contracts by failing to ensure full and uninterrupted production.

cases being brought under the Act. The Sun has lost 23.5m copies since the dispute began last week in its machine room. The injunction is against the National Graphical As- ban because 265 named individuals

# expected over spectacles

By Carla Rapoport

A BIG RETAIL battle in o C250m-a year spectacles market is expected to break out this week with the withdrawal of government subsi-

dies for spectacles on April 1.
On Thursday, the Association of Optical Practitioners (AOP), representing about 70 per cent of Britain's independent optical practices, will launch a range of specially designed spectacles with starting prices of C14.95.

The launch, the biggest in the optical market for more than a dec-ade, is aimed at maintaining the AOP's domination in the market once government subsidies are lift-

The AOP's afforts will be me with swift and growing rivalry from a range of companies, including some of the biggest names in British retailing.

Among these are:

Ratners, Britain's second largest jewellery chain, which is launching optical shops within its outlets throughout the country. Ratners plans to offer glasses and frames starting at £12.85.

 Debenhams, one of the leading UK stores groups, which is plan-ning to establish a chain of optical shops through the acquisition of independent optical practices, as well as setting up shops under the name

Hans Anders. Burton, another large UK retailer, which is negotiating with some independent opticians about estab-lishing a chain of fashion spectacle concessions within its shops.

Boots, the retail chemists, which will have an optical service in 40 of its stores by the and of this week, with plans for extending the service A spate of new optical companies

including For Eyes and Special-eyes, which have been floated on he London over-the-counter market. These companies have been specialising in fashionabla spectacles in an attempt to widen the mar-

est optical retailing chain in the UK, has already opened the country's first optical department store.
The AOP predicts that, while prices for average lenses and spectacles will fall due to the competition, prices for those with more complex needs will rise.

# Britain urged to follow U.S. energy saving methods

BY IAN HARGREAVES

ample and encourage the development of companies whose main business is to supply risk capital for energy conservation projects, a re-

port published today argues. The report, one in a series of have also set up energy service sub-Lessons from America published by sidiaries. They include Washington the Association for the Conservation of Energy, says there are now 200 companies in the U.S. supplying that type of third-party finance in the energy conservation field - a market worth over \$250m a year.

ting up the capital to carry it out. In receives a given percentage, nor-mally haif, of the value of the fuel saved by the investment. Alternatively, the deal may take the form

productive capital to energy consertial market. vation, which research shows to be

a low priority in corporate budgets. Since 1981, the number of U.S. companies specialising in energy

### Lord Beeching, ex-chairman of BR, dies

LORD BEECHING, former chairman of the British Railways Board, who died on Saturday aged 71, was the first man to bring professional management principles to the run-ning of an outdated publicly-owned

industry.

Ha left his directorship of ICI to become the first chairman of BR (previously the British Transport Commission) in 1961 at a controversial salary of £24,000 a year. He produced the historic Beeching Report, which was to gain him a reputation in popular legend as the railways'

Dolland and Aitchison, the larg-His plan, which aroused the an ger of unions, railway enthusiasts, Labour politicians and people living in remote villages, and triggered strikes by railmen, called for the closure of 2,363 passenger stations, the withdrawal of 5,000 route miles and services and the loss of thou

hateman .

BRITAIN should follow the U.S. ex- service has risen from around 20 to 200. One company, Time Energy, established in 1978 by six people, has grown since then to employ a staff of 200 people.

> Some privately owned utilities Gas, Potomac Electric Power, Central Hudson Gas and Electric, Northern States Power and Portland General Electric.

Third-party financing involves a specialist energy conservation as a means of establishing profitable businesses pany identifying on behalf of a client a fuel-saving project and putting up the capital to carry it and Ireturn, the conservation company duce their need to invest in new generating plant.

The report acknowledges that there are some difficulties in the development of third-party finance. It suggests that governments should play a role in developing of a leasing agreement.

The advantages of the approach are that companies need not divert standard contracts for the residen-

Lessons from America no. 3; Asso-clation for the Conservation of En-ergy; 9 Sherlock Mews, London WIM 3RH.

### Wells Fargo International

Financing Corporation N.V. U.S. \$50,000,000 Guaranteed Floating Rate Subordinated Notes due 1996

In accordance with the provisions of the Notes notice provisions of the Notes notice is hereby given that for the Interest Sub-period 25th March, 1985 to 25th April, 1985 the Notes will carry an Interest Rate of 9%% per annum. The interest accrued for the above period will amount to USS80-73 and total interest payable per Note on 25th April, 1985 will be USS230-24.

Agent Bank; Morgan Guaranty Trust Company of New York London

### notice

### BANK HANDLOWY W WARSAWIE S.A.

KD 3,400,000 FLOATING RATE NOTES DUE 1987 In accordance with Clause 4(A) of the terms and conditions of the Notes, the Notes bearing the following serial numbers have been called for redemption on 15th April 1985 at 100 per cent: NOTES IN DENOMINATION OF KD. 1,000 EACH SL. Nos: 41 to 60, 281 to 300, 521 to 540, 761 to 780, 1001 to 1020, 1241 to 1260, 1481 to 1500, 1721 to 1740, 1761 to 1980, 2201 to 2220, 2441 to 2460, 2681 to 2700, 2921 to 2940, 3161 to 3180 and 3401 to 3420.

The payment will be made against presentation and surrender of the Notes together with all unmatured coupons appertaining thereto to the Fiscal Agent or to the Paying Agent whose addresses are given below. The face value of the missing Coupons will be deducted from the sum due at the time of

Fiscal Agent: KUWAIT INTERNATIONAL INVESTMENT CO.

S.A.K. 5th Floor, Block No. 1 Al salhiya Commercial Complex Fahad al Salem Street, Kuwait

Paying Agents: UBAF - BANK LIMITED Commercial Union Buildings
St. Helens, 1 Undershaft
London EC3P 3HT, United Kingdom
KREDIETBANK S.A. LUXEMBOURGEOISE
43 Boulevard Royal, Luxembourg

Kuwait International Investment Co. s.a.k. (fiscal agent)



Ente Nazionale per l'Energia Elettrica (ENEL)

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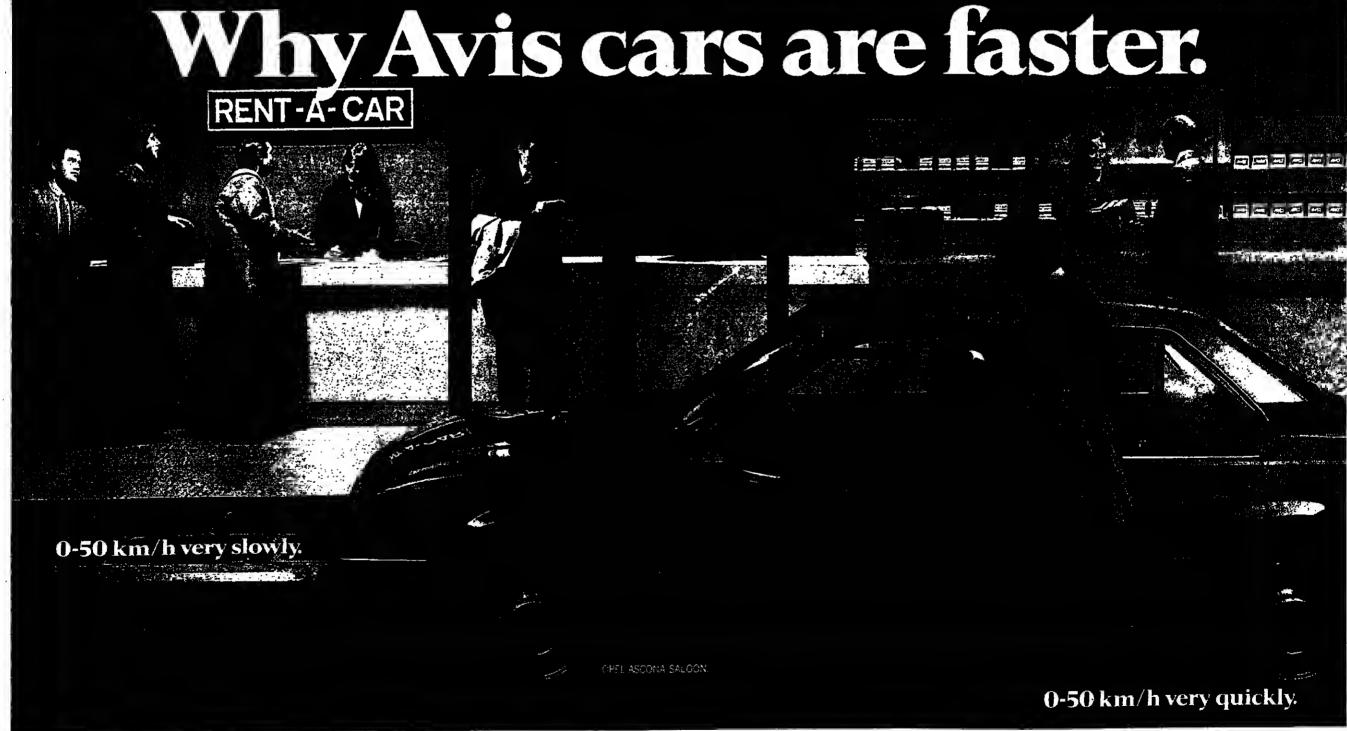
**Guaranteed Floating Rate Notes 1993** 

guaranteed as to payment of principal and interest by

### The Republic of Italy

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three month period 21st March, 1985 to 21st June, 1985 has been fixed at 131% per cent. per annum. Coupon No. 6 will therefore be payable at £878.25. per coupon from 21st June, 1985.

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Bekaert's diversification

# Not content to be a minor player

Paul Cheeseright on the Belgian group's search for new products

MINUTE steel fibres, about everybody else, seeking high months old in its Bekaert one-tenth of the thickness of technology business with rapid incarnation human bair, are to be worked growth prospects. It will buy in This development arose because

is the result of development by Bekaert, the Belgian group

But, reflect executives at Zwevegem, the Flanders village cheaper and easier to direct. After growth has been set in train, then there is scope to acquire a bigger concern in the lines of volume business are levant sector. what the group constantly seeks. It can spend 10 years developing a product which will make money for it for 40. It has been making barbed wire

To he sure, profits are rising after a tumble in the early years of the recession to near pears of the recession to near breakeven during 1981; BFrs 759m in 1982, BFrs 1.78bn in 1983 and BFrs 1.49bn (£20.1m) in the 1984 first half. Yet the basic wire and wire products business—fencing and so on—is stagnant and new pro-

so on—is stagment and new producers in developing countries are entering the market.

The other main line of business—steel cord to reinforce rubber, mainly radial tyres—is expected to reach maturity by the end of the decade.

This does not signify imminent colapse, but it does mean a search for new busines. One route is to develop new

One route is to develop new the unit's brief for diversifica-lines out of traditional core tion are new materials; products products and Bekaert has done which recognise objects and this by moving into filtration. It enable an automated fatcory or has also developed the use of automated materials handling

tion. Bekaert's approach to this ment. reflects the generally cautious manner in which the business, reflects the generally cautious
manner in which the business, atill controlled by the founding changed its name to Bekaert family, is run; investment is Composites and plunged into the financed out of profits and it design and manufacture of rein-

into the textile of the beatshield high technology with which it on the engine of the next U.S. is not immediately familiar and is not immediately familiar and technology associated with bar seek to complement that with coding—the black stripes seen,

end of steel wire making— as producer and supplier, basically drawing steel through The group is not interested machines so that it becomes in business which will leave it finer and finer, eventually to as a minor player. "You need end as mesh fencing or springs to be sector leader for it to be or brushes or TV components, worthwhile," says one senior executive.

Its approach is to start with

There is little point in nursing along a company for years, Bekaert believes. If years, Bekaert believes. If profits do not emerge in about three years then there is a strong case for scrapping the

### Systematic and opportunistic

With these thoughts in the background, Bekaert set up a special unit, headed by Carl-Olof Henrikson who was brought in from Sandvik, the Swedish cemented carbide and

specialist steels group. The unit has been systematic in carefully surveying distinct sectors and opportunistic in the sense of finding collaborators on an informal basis.

The three sectors covered by the unit's brief for diversificametal fibres in textiles which system to be run; and elec-need anti-static qualities. The other way is diversifica- of computer peripheral equip-

the group was interested in the This is the high technology its own knowledge of industry for example, on a jar of jam-and of steel wire making— as producer and supplier. and knew that it was a key to the automation process.

Bekaert was aware of the principlea invilved in factory automation. It knew how factories worked — not only did it have its own, but as an industrial supplier it also knew bow the which is the major independent a small acquisition or a joint factories of others worked. It sector.

But, reflect executives at Zwevegem, the Flanders village cheaper and easier to direct, where the business started over nology about collaboration.

In June last year Henrikson beard about Computer Identics Corporation of Massachusetts. A associate, was at a trada fair in tact with the company. At that stage the American company had a European pre-

sence, but was not happy about its distribution arrangements. Furthermore, it needed money for development in the U.S. where the market was growing 100 per cent a year.

Marescau commissioned a study of the bar coding market

from Booz Allen Hamilton, the management consultants. That was delivered in two months. It put Computer Identics into

"Based on that we approached CI and set out Bekaert streogths," say Marescau. A joint venture was proposed— Bekaert 60 per cent and CI 40 per cent—to develop the Euro-pean market. In November letters of intent were exchanged and CI took part in the first scanning technology exhibition ever held in Europe, at Amsterdam, making the point that it was staying in the market, A month later the contracts were signed.
The name Computer Identics

venture, because it meant some- devices need to meet local type thing in a market which is approvals. eschews his gearing.

Thus, Bekaert is not rushing off to buy haut couture bouses or supermarket chains, It is, like puter Identics BV, barely three and Datalogic of Italy.



Baron Antoine Bekaert (left) hands over the chairmanship of Bekaert to Jean Charles Velge in May although he will retain the title of honorary chairman while pursuing other interests. Both are grandsons of founder, Leon-Leandre Bekaert

Bekaert is aiming strictly at technical development the industrial sector, not the Europe that the U.S. will take." static retailing market. It is using bar coding as a means of increasing productivity in plants with specific problems 20 per cent market share in and sees its objective as building on a customer has which the industrial development for the industrial sector, not the Europe that the U.S. will take."

France, Garmany and the UK are the main target areas.

on building np a basic stock prove we can diversify in an of Computer Identics hardware. area far from Bekaert tech"We buy from the U.S. and take on all the liabilities—
distribution, servicing and so approach, there is no feeling

manufacturing in Belgium of are two reasons for this. the recognition equipment— First Bekaert believes scanners, portable units, decoders—by the end of the year. The U.S. product cannot simply be reproduced: changes have to be made to compensate for dif-

fragmented but stabilising. "You start with assembly— Booz Allen had shown that you don't need an extensive manufacturing plant. And basic products, So that means there's a high amount of outside buying of components," productivity as the market gets says Marescau. "But we plan

and sees in solderive as building on a customer base which this is difficult to quantify already includes BMW and because nobody knows how the Siemens in West Germany, market will develop. At the moment continued orders are worth about \$150,000.

Marescau calls that \$10m uk are the main target areas. target "peanuts for Bekaert," and Marescau, on the hasis of (1984 first balf group turnover his previous experience working with U.S. prodocts from the venture was receiving a lot of management attention.

cern, believes that Belgium is the best place to be based because of its neutrality.

Rekaert is spending \$500,000 ten times as high. But it will

that this sort of venture is an escape from the traditional wire will bear," says Marescau. escape from the traditional wire The business plan calls for and steel cord business. There a company cannot run its own business properly, then there is no hope of successful diversifica-

Second, to finance the diversiwas retained for the joint ferent voltage, laser scanning fication—so that in the Bekaert venture, because it meant some- devices need to meet local type case a substantial portion of profits will come from new products by the 1990s—revenue has to be increased from the U.S. wage setting

# Labour costs hold the key

Terry Dodsworth on a 'fundamental change' in pay patterns

The Conference Board survey

follows a similar exercise in 1978, when companies expressed

overall satisfaction with their

labour relations. This mood,

says the board, was broken

within three years when major changes in union negotiations

Competition

has been the growth of comp

U.S. CORPORATIONS have tance of new technology. responded to the two sharp economic recessions since 1980 with a radical change in wagesetting techniques, says a new report from The Conference Board, the privately funded business research and inform-

ation organisation. In a survey covering 778 businesses, the board found that companies have made a decisive shift away from the industrywide wage systems of the 1970s, in which companies tended to base compensation levels on the going rate for the sector.
"Corporations have switched

their wage-setting policies from imitation of other companies' wage increases towards internal criteria," it says. "Under growing competitive pressures, companies now base wage changes on labour cost per unit of output, and on expected profits. The report argues that this "fundamental change " in wage patterns has contributed to con-tinuing wage moderation, " even after two years of atrong economic recovery." It also suggests

· In union bargaining, companies that were inclined to grant more liberal health benefits and more time off with pay in the late 1970s are now panies demanding — and getting — emphasis reversals in these two benefit systems.

Companies that share information on business performance with union employees report a higher level of morale in unionised units.

Companies that arrange group performance feedback on output level and quality report a higher level of productivity and greater employee accep-

Strategie investment decisions, London, May 13-17. Fee: £975. Details from Gaye Gresham,

London Business School, Sussex

Place, Regent's Park, London NW1 4SA, Tel: 01-262 5050.

Communications in the UK-

the challenge of choice, London,

April 24-25. Fee: £460. Details

from The Financial Times Con-

ference Organisation, Minster House, Arthur Street, London EC4R 8AX Tel: 01-621 1355.

General manager programme, G. Kent. April 13-May 3, Fee: Field

Telex: 27347 FTCONF G.

Business

courses

tition, both from domestic and

began to develop.

inflation.

The report suggests that the floor management. In both two recessions of 1980 and cases management claims post-decisive factor in tipping companies towards the new mon-unionized plants. panies towards tha new emphasis on their wage-setting

the normal cyclical recovery in

the economy to stimulate wage

"A general recession follow-ing the 1980 recession may have employee-relations and wage-setting conventions," it says.
"Some companies were product

change their standardised thinking for the first time in decades." A second factor was a shift.

Incentive contracting, Landon.

April 16-17. Fee: £414. Details

from Miss J. K. Van Wycks, Seminar Division, Crown Eagle

Communications, Vernon House, Sicilian Avenue, London ECIA

2QT. Tel: 01-404 4756. Telex:

Executive secretaries, London. April 15-17, Fee: £375 + VA7.

Details from Monadnock Inter-naional, 79 St John Street.

London ECIM 4DR. Tel. 253 5909. Telex: 299180 MONINT

827 (quote reference 1202).

unemployment made it possible to attempt a variety of strate- Operating line management, as opposed to staff, is increasingly involved in human gies either to avoid unions, resource planning and develop- outmanoenvre them; or to perstrade them to become more co-operative.

As a result of these labour market pressures, companies methods of wage bargaining says the report. "Concession bargaining" (broadly defined as agreements in which unions surrender previous rights) has taken hold, along with two-tier wage scales (bringing in new employees at much reduced rates), reduced time off and deferral of some fringe benefits.

The report argues that the driving force behind this change "Now, the pre-eminent wage from the impact of deregula-tion. It quotes a number of companies which cite the pres-individual plants, five years that has persisted it says, long after many economists expected

Board contends that there is a move in both the unionized and non-unionized Sections inwants imitation (catch-up efforts) and more information sharing and

> In conclusion, it assues that if the U.S. were to adopt an industrial policy of restraint on industrial policy of restraint on competition in some industries (with producer profection or regulation). The pressure to imposite in labour fellitions would lessen. But, even if that were to happen; the structure of industry and the new methods of labour relations; and wage

patterns could not revert to of power to the disadvantage of their former shape.

£2,250. Details from Client Herts. April 22.28. Fee: £330 + Services Director, Simdridge VAT. Details from InTech Park Management Centre, Training Ltd., PO Box No. 2, Bromley, Kent BR1 3TP. Tel: Welwyn Garden City, Herts 460 8585. Pricing strategies and tacties, Brussels. May 6-10. Fee: Non members BFr 68,000; Members (AMA/I) BFr 61,000. Details from Management Centre Europe, rna Caroly 15, B-1040 Brussels. Tel: 32/2/516.19.11. Telex: 21,917.

Performance analysis and productivity, London. May 14-15. Fee: £190. Details from Nigel Meade, Department of Management Science, Imperial College, Exhibition Road: London SW7 management, 28X. Tel: 01-589 5111, ext 7123.

# 

# Let's drink to what you don't know about Spanish food.

If you think Spanish food is gazpacho and paella, of course you're right. But if that's all you think it is,

Spanish cooking is as various as the country itself, with every region contributing its own special dishes.

From the Costa del Sol comes a dazzling array of sea food, served simply grilled or broiled.

In the Canaries, one must sample the "Pucherito Canario" or seven meat stew, with lamb, pork, beef, rabbit, chicken, partridge and pigeon.

In Asturias, try the "Fabada" bean stew, with pieces of pork, ham, beef and sausage. Wash it down with the local cider for a perfect balance of flavors.

And from Catalonia comes Zarzuela, an assortment of fish and shellfish cooked in a tomato sance seasoned with gartic, paprika, parsley and wine. In Madrid, the specialties are roast suckling pig and To all the regions and dishes we had no space to roast baby lamb, accompanied ideally with Rioja wine.

write about, a toast in Spanish sherry, brandy or wine.

Soain. Everything under the sun

that been made to the Council of The Ereck Exchange for the 14 950 000 new Ordinary Charcoof 25 peach in Blagdon Industries PLC which are the sub-

Exchange Listing: Fertilet, in 1964, his been deligered to the Fertilet of Companies in England and Walter for prostration as required by Regulation Fortiletse Regulations The application for the Ordinary Shares now offered by take will open at 10 00a m. on Thursday, 28th March, 1985 and may be closed at any time thereafter. The procedure for application and application framewers to our at the end of displacement.

# Acopy of this document, which contains the Cifici his Sale described below and which comprises being particulars relating to Blooden Industries: PLC required by The Stock Blagden Industries PLC

# Offer for Sale by N. M. Rothschild & Sons Limited

of 14,950,000 Ordinary Shares of 25p each of which at least 9,000,000 Ordinary Shares of 25p each will be sold at the minimum tender price of 112p per share and up to 5,950,000 Ordinary Shares of 25p each are reserved for sale at the Striking Price (being not less than 113p per share),

the price tendered being payable in full on application

**Key Information** 

The following information is derived from, and should be read in conjunction with, the full text of this document.

The new Blagden Group is in the business of manufacturing and reconditioning drums and casks principally for supply to the chemical and petrochemical industries. As a result of the acquisition of the European Businesses, completed on 22nd March, 1985, a major extension of the size and geographical spread of the former Blagden Group's activities has been achieved.

Other activities of the new Blagden Group include the moulding of plastic products, chemical manufacture and trading and the manufacture and distribution of industrial protective and electrical

Pro Forma Trading Record

The new Blagden Group's proforma consolidated turnover and operating profit of its continuing businesses together with its share of the results of Femsa and Fembasa for the five financial years ended 30th December, 1984 are as follows:

			Operating profit
		<i>Turnover</i>	(see above)
		0003	000£
1984		119,082	7,639
1983		108,481	7,148
1982	•	97,709	6,445
1981		91,781	5,577.
1980		93,158	5,766

The new Bladden Croup's proforma consolidated profit before taxation (adjusted as explained in Appendix I) for the financial year ended 30th December, 1984 has been calculated to be

Offer for Sale Statistics

The following statistics are based on the minimum tender price of 112p per Ordinary Share and on the proforma consolidated profit and loss account for the year ended 30th December, 1984 and the pro forma balance sheel at that date for the new Blagden Group,

Market capitalisation	£32.8n
Proforma earnings per share for the year er 30th December, 1984	nded 14.0p
Price earnings multiple based on the above	proforma

8.0 times Net dividend per share in respect of the year ended 7.2p Gross dividend yield based on the above dividend 9.2 per cent.

Dividend cover based on the above dividend and pro forma earnings per share 1.9 times

Proforma net tangible assets as at 30th December, 1984 £35.4m



### Share Capital

izz.edandfullvpaid £7,331,576 Ordinary Chares of 25c earth The 14950 000 new Ordinary Sharetin, wioffered firstale are included in the above instead and fully paid unue capital. They sank part pautin in all respects with the other truck Ordinary Sharet in Bisacen, except that they will not part it may device all or other distribution paid or payable interpret of the year embed of the December, 1964.

At the close of businessess 22nd February, 1985, the new Elegien Group had outstanding a

Short term bans and overdrafts

Save and schooled above, and excluding intra-group habitives, at the close of business on that date the next Blagden Group did not have any loan copital (including term loans) outstanding or created but unsomed or any outstanding increasings, charges of debentures or any other benewings or indebtedness in the patiene of borrowing, including bank overdrafts, habitives under acceptances (other than narmal trade bills) or acceptance credits or hire purchase commitments or guarantees or other material contingent habitities.

The new Blagden Group had cash balances and short-term deposits an £3,011,000 at the close of business on 22nd February, 1985. All amounts in foreign currencies have been translated at tweet of exchange ruling at the close of business on 22nd February, 1985.

Although at 22nd February, 1985 the European Businesses had not been acquired by Blaggien, in the above statement "the new Blaggien Group" includes the European Businesses (excluding the related companies Feimsa and Feimbaca) assi they had already been acquired by that date and "intra-group liabilities" should be interpreted.

The new Blagden Group will draw down an unsecured term loan of up to \$9 million to satisfy the cash element of the consideration payable to City and Rafim loc. for the acquisition of the European Businesses. This borrowing has not been included in the indubtrience flower element.

### Directors and Advisers

Directors Albert Ronald Sparrow, F.C.A. (Chairman) David Tecwyn Williamson

((:Tanagurg Director)
Robin James Buckland
Edward Joseph Ragley, B.E.E. (U.S.A.) Frederick John Briggs David Richard Stewart Walde, B.A. Michael James Witcher, T.D., B.Sc(Econ)

"James Victor Risk (U.S.A.) Michel Aerts (Belgium) all of Blagden Industries PLC. 16-18 Harton Carden. London ECIN8FJ non-executive director

Gerald Lance Levine, LLB., F C.A. Registered Office and Principle

Administrative Esta 16-18 Hatton Garden, London ECINSF)

New Court. St. Switten's Lane.

Schrigeour, Kemp-Goe & Co., 20 Copthall Avenue

Registrar's Department, P O Box 82, 37 Broad Street, Bristol BS39 7NH

Principal Bankers National Westminster Bank PLC, 50 Threadneedle Street,

Blagden Industries PLC Blagden and its subsidiaries before the acquestion of the European Businesses

Blagden and its subcidianes including the European Businesses Cry Investing International, Inc. Paint Industries Inc.

City Investing Company, Inc. of New York City Investing Company and its subsidiaries including City and Rahm Inc. T.M.T. N.V.

N V Etabl. J. Verstraete S A. Zud-Nederlandse Metaalwarenfabrie)

Definitions "Blaggen" or "the Company" "the former Blagden Croup" "the new Blanden Groun

"City" "Rahm Inc." "City Investing Company "City Investing Group"

"Toleries" "Rafim GmbH"

the European Businesses

new Ordinary Shares

Piametha B V.
Tolenes Rhodamiennes S
Rafim Industries CmbH DSP-Verwaltungs-GmbH August Schmalenbach OmbH & CooH Fabricacion de Ervases Metalicos, S A. Femba, S.A. The administrative headquarters of Blagden's European Container Division, situated in Belgium Blagden's direct and indirect interests as Plameits, Toleries, Rafim GmbH, LSP, Schmalenbach, Fernsa, Fernbasa and the European Headquariers acquired from City and Raim inc pursuant to the Agreements dated 6th March, 1985 hereinafter referred to Ordinary Shares of 25p each in Blagden A Non-Voting Ordinary Shares of 25p each in Blanden winch were converted into Ordinary Shareson 8th Merch, 1565 Circhnary Sharesof 25p each in Blagden alloited to City on 22nd March, 1985 as part consideration

### Background To The Offer For Sale

Blagden is the public quoted bolding company of a group which is engaged in the manufacture and recondmoving of contamers, the manufacture of plastic produces a protective agrapment, and the manufacture, distribution and trading of chemicals.

Prior to 6th Merch, 1985 City owned 34 6 per cent of Blagden and with Rafen Inc. held, all the European Businesses which now comprise the majority of the new Blagden Group's European Comainer thusson. Cay and Rafim Inc. are wholly owned subcritaries of City Investing Company. The Stockholders of City Investing Company, which at 31st December, 1983 reported Shareholders Equity of approximately U.S.\$1, bullon, approved a plan in December, 1984 for the distribution of its net assets through the property of the property of the distribution of its net assets through

On 4th March, 1985 it was announced that the negotiations, which have culminated in the acquisition by Blagden of the European Businesses, were taking place and, as a result. The Stock Exchange grained a temporary suspension of the Issing of Blagden's then issued Ordinary Share's (the middle market share price on suspension being 129 per share). It is expected that this suspension will be lifted on 3rd April, 1965 and that dealings in the Ordinary Shares will recommence on that date:

On 6th March, 1985, it was announced that agreement had been teached between Blagden, City and Rafim Inc. for the acquisition of the European Blamesses subject, inter alia. In approval by Blagden Stiereholders: It was further announced that City has sold its shareholdings in Blagden, comprising 3,829,000 Ordinary Sharesand 1,131,000 "A" Ordinary Shares, in Rothschulds, who placed the shares with a number of investors at 112p per share on the same date. Conversion of all of the "A" Ordinary Shares into place on 8th March, 1885, Application has been made to the Council of The Stock Exchange for such shares to be admitted to the Official List. Details of the interests which comprise the European Businesses are set out in Part 1 of

Approval by Blagden's Shareholders of the acquisition of the European Businesses wa given at an Extraordinary General Meeting of Blagden held on 22nd March, 1965 and the acquismon was completed on the same date.

The total consideration for the acquisition by Blagden of the European Bosinesses was the issue, credited as fully pard, by 14,950 000 new Ordinary Shares in Blagden and 69 million in cash, subject to reduction as further described below in addition, City will be entitled to a special distribution from the European Businesses of £200,000.

City has sold the 14.950,000 new Ordinary Shares received as part cons on by Blagden of the European Businesses in Fothschulds which now offers sale. At least 9,000,000 of the new Ordmary Shares will be cold at the minimum them for sale. At least 9,000,000 of the new Ordmary Shares will be sold at the minimum tender price of 112p per share and up in 5,950,000 are reserved for sale at the price determined by Rothschilds to be the highest price (the Smising Price') at which sufficient valid applications are received to cover 5 950,000 shares for the nearest leaser convenient number). Any amount by which the total proceeds of the Offer for Sale exceed £16,744,000 will accruse to Cary, but Cary has agreed in passion 17th of that amount to Blagden by way of reduction of the cash element of the consideration.

Of the new Ordinary Shares which are to be sold at the minimum tender price of 112p per share up in 4,500,000 new Ordinary Shares are reserved for sale to Shareholders with registered addresses in the U.K., who were on the register of members at the close of business on 20th March, 1568. Any reserved shares not taken up under this

Application has been made to the Council of The Stock Exchange for the 14,950,000 new Ordmary Shares in Blagden, which is, in the subject of this Offer for Sale, to be admitted in the Official List Dealings in those and all Ordinary Shares in issue are expected in commence on 3rd April, 1985.

After completion of the Offer for Sale. City Inventing Group will not have any shareholding interest in Blagdien or any of its subsidiaries.

mirroduction
The history of the container businesses of the former Blagden Group in the U.K. and of
Cuy in Europe is one of long-term and steady expension. The ecociation between the
former Blagden Group and City dates from 1968 when they entered into a joint venture,
through Rheem Blagden Limited, combining their respective steel drum and plastics
interests in the U.K. Since then, they have been profusible and successful pushings
security. City has decorded for an above retreated with the pushing and successful positions. mieresis in the U.K. Since liner, they have been prohibite and successful buttines permens. City has decided, for reasons unconnected with the performance of its European container interests to distribute its ner assets, and the successful negot of the sub-of the European Businesses to Biogden was substantially assisted by the strength of this partnership and Blagden's knowledge of City's container business

A more detailed history of the former Blagden Group and of the European Busines set out below, together with a description of the important stages in the development the relationship between Blagden and City.

The former Blagden Group was founded in 1862 by Mr. W. G. Blagden, who traded as a chemical merchant and agent in London. This business was incorporated in 1921 as a private company called Victor Blagden & Co. Limited.

The business expanded into the drum market in 1928 by embarking on the newty scened idea of reconditioning steel drums, it was a proneer in this field in terms of the processes employed and its plant

In 1948 the former Blagden Croup diversified further by commencing the production of new seet drums. This diversification was brought about by the acquisition of Victor

Blagden (Manchester) Limited and in 1961 a merger with London Containers & Noakes Lamued resulted in the former Blagden Group becoming involved in the manufacture of smaller steel drums and subsequently in plasme mouldings, such as binemand drum, littings for its Containers.

The farmer Blagden Group's association with City began in 1968 when Blagden and City set up a joint Venture to combine their respective U.K. steel drain and plastics interests. The form of the joint vanture was a company called Rheem Blagden Limited which was 58 per cent owned by Blagden and 42 per cent owned by City, which latter

Rheem Blagden Limited's plastics activities were strengthened in 1977 by the acquisition of W. W. Ball & Sons Limited, a listed company involved in the manufacture of plastic products, supported by its own toolrooms, together with electroplating and

Prior to completion of the acquisition of the European Businesses, the former Blagden Group's only activity outside the U.K. was through its 80 per cent, owned Belgian subsidiary. Verstraete, which was acquired in 1973. The remaining 20 per cent, interest in Verstraete is held by TMT and is one of the interests comprising the European

ner Blagden Group's business has expanded its non-contamer activities by two significant acquisitions:—
(a) Martindate Electric Co. Limited, which was acquired in 1966 and is engaged in the

(b) The Chemical Supply Group of companies which was acquired in 1971 and is involved in chemical manufacture and trading.

The European businesses

Pinor to 1968, Cay Investing Group owned none of the interests which compare the

European Businesses. In 1968, it acquired Rheem Manufacturing Inc., a U.S. company
with interests in Spain (Pentsa and Fembasa). Belgium (TMT) and the U.K. Later in 1968
City and Blagden entered into the U.K. pinit venture referred to above. Subsequently,
City Investing Group has expanded its European Container businesses, perceiving agnificant potential in supplying the growing European petrochemical and chemical operations. Accordingly, in 1989 City Investing Croup acquired Toleries, a French company producing sisel containers near Avysion, in Scuthern France. A major new plant was opened in the north of France in 1979.

In 1971, City Investing Group acquired control of TMT and since then has increased its holding in that company to 88.21 per cent. TMT, a Belgian company based in Gherri and manufacturing 210 hire and intermediate sized christs, was founded in 1918 and manufacturing 2:10 hire and untermediate sized drums, was founded in 1918 and oniqually manufactured slove pipes and pipe fittings. It commenced the manufacture of steel drums and poils in 1833 and of plastic packages in 1972. Prior to 1982, it oper a central bearing radiator and beer barrel plant in Brussels but, due to a decline in 1 beer barrel market and severe competition to the central bearing radiator market, these operations were closed down in 1981.

In 1972, TMT acquired one of its major competitors, Plametha, a Dutch company making drums, pulsiand timplate cars. Plametha was founded in 1942 by the Freyters family and then manufactured farm equipment. It began its steel packaging and container business in 1952.

Schmalenbech, a Cerman partnership engaged in the production of 210 litre and intermediate speed drums, was acquired in 1978.

In 1985, City Investing Group increased its direct and indirect interests in the two panish companies, Femsa and Fembara, 1950 per cent. and 60.9 per cent. ody. The validity of the transaction with respect to Femsa has been ed, as further described in paragraph 3 of Appendix V.

Development of the relationship of City and Blagden
As mentioned above, the formal husiness association of the former Blagden Group and
City was established in 1968 through Rheem Blagden Lumited, a joint venture
combining the U.K. steel drum and plastics interests of the former Blagden Group and

This association proved most satisfactory. In 1984, however, it was agreed that the two-tier sourcium of Blagden and Rheem Blagden Limited inhibited Benibility and complicated decision taking within the former Blagden Croup. As a result, Blagden acquired City's 42 per cent, interest in Rheem Blagden Limited for new shares in Blogden. Accordingly. City's interest in Blogden, islang into account its then holding of 1.273.000 Ordinary Shares, was increased to 34 6 per cent of the enlarged issued share capital of Blanden. It was agreed at thet time that City would not seek to increase its shareholding interest in Blanden, without the spreement of the Board of Blanden.

Throughout their long association, Blagden and City have had a rewarding business

Mr. J. V. Rick, President of City, and Mr. M. Aerta. Senior Vice-President (Europe) of City, became non-executive Directors of Blagden in 1983 and 1984 respectively. ers Risk and Acris will remain on the Board, with Mr. Aerts as an executi Mesars rigit and rigit will remain of the board, with fair relation and executive Director with responsibility for the European Container division. Mr. A. R. Sparnow, Charman of Blagden, was made a non-executive Director of TMT in 1982.

It is the intention of the Board of Blagdon that, following the acquisition of the European Businesses, the new Blagdon Orpup straid operate through two divisions: U.K. Containers, European Containers, Plastics, Chemicals and Protective Equipment. A

years ended 30th December, 198		awill how trees trees to	
		Tuncver	
	1984	1983	1982
Division	0003	0003	50003
U.K. Contamers	25,739	25.247	24,592
European Containers	51,615	45.574	40.239*
Plastics	15,668	15,230	13.173
Chemicals	21,529	19,312	16,696
Protective Equipment	3,531	3,118	3,009

168,481 \*Including turnover of £1,212,000 relating to an operation dis

U.K. Container Division

In 1984, over 1 million 210 hire steel drums (approximately 17 per cent of total U.K. output) were produced from two plants located in Brisiol and Manchester. Producti is highly automated and the latest helium field testing equipment has recently been usualled to ensure compliance with new regulations governing the transport of

The drysson produces 210 litre plastic contamers at its East London factory together with a wide range of steel and plastic kegs and pasts. At Leith, the division operates:

The drvision also operates a steel drum reconditioning business from five cites in U.K. (Avonmouth, Barking, Glasgow, Huyton and Manchester). Drum recondition res the cleaning and rebuilding of used drums either on behalf of customers or by way of purchase and resale. In 1994, approximately 2.22 million used drums were processed at these U.K. sites and at that of Blagden's subsidiary, Verstraete, in Belgium which will form part of the new European Container drusson.

Eight customers accounted for around 38 per cent. of the division's turnover in 1984. The remaining 62 per cent, is represented by some 650 customers, who come from many market sectors but especially from the petrochemical, chemical, paint and food

European Container Division.
The new European Container division of the new Blagden Group will comprise the European Businesses together with Verstraete which is now wholly owned. The division will represent a major force in the European drums and pails industry, sail drums and pails ranging in size from 10 times to the standard oil drum of 210 times. The 210 time oil drum is the major product, accounting for approximately 70 per cent of total turnover of the European Susinessos (excluding Fernss and Fernhard) in 1934. Customers at a predominantly from the petrochemical, chamical, paint and food

While no independently verifiable statistics exist, management believes that the estimated average market share of the European Businesses 210 time drum busines approximately 18 per cent of the total volume of sales to the commess in which the European to the commess in which the

With eight strategically stied manufacturing plants and four ascernbly plants located in five countries, the European Businesses have built up a significant precessor in all their markets in Europe manufacturing throughout a good reputation for product quality and customer service. They benefit expectally from the ability to establish a common strategy for the efficient supply of containers to multimational customers at their various. European incations: They also benefit from the research and development facilities at Chent which have improved comminer design, development and production

Production faculties are, for the most part, modern, highly automated and well maintained. In particular, following significant damage to the Dussburg plant caused by fire in 1984, a very efficient replacement plant is being installed and should be

The European Businesses, by reason of their combined size and strength, exercise considerable purchasing power for naw materials especially for seet. They are able take advantage of bulk purchasing opportunities and, through a gradual technical standardisence of products and production methods, they are increasingly able to effect cost savings strongly inter-plant supplies. The European Businesses are independent supplies to their markets and do not trade directly or indirectly with each other to a material extent. None of the European Businesses depends in any way on the assets of the other companies in the City Investing Group. The European Businesses, by reason of their combined size and strength, exe

While the companies which comprise the European Businesses function autonomously each company acts under the direction of the European Headquarters which is located m Brussels and headed by Mr M. Aerts. A more detailed description of the component parts of the European Bus out in Part Lof Appendix III.

Plastics Division The Plactics division manufactures on extensive range of plactic provings and components. In provides a comprehensive service encompassing product design an development, tooling, moulding and assembly of components, all to a high standard. Plantiage located at Billericay and Clacton and in East London.

The division's customers are engaged in the automotive building, television and consumer goods industries. Around 47 per cent of the distinct soutput goes to the for the acquisinon of the European Businesses Holders of Ordinary Shares N. M. Rothschild & Sons Limited

motor industry and the disappointing results achieved overall in recent years have been caused in part by the problems of that industry. Additional business, however, has been sought a more prohable areas such as the building industry (lavarory seens) and consumer areas (horncultural and per products).

Adjoining the plastics plant at Billericay are a small but successful electrical. adversely affected by a downtorn in demand for its bar platting business from major rs in the heavy engineering utdustry. The activity has been reorganial improvements effected

Chemical Division

The Chemical division is engaged in chemical manufacture and merchanting. If manufactures formaldehyde-based products and resuns. A \$0,000-tonne formaldehyde plant incorporating the latest technology was built at Haverhill in Sulfolk in 1981 bills with was insuccess that a 15,000-tonne extension was added in November, 1984. The chemical merchanting operation is based at Croydon, with blending, repackaging, bulk storage and warehousing facilities also at Haverhill.

The formaldehyde-based products are supplied to some 50 customers in the plastics rabber, surface costings and chipboard industries and for agricultural, pharmaceutura and other purposes. The resu plant supplies some 150 customers, engaged mainly in the surface coalings industry. The chemical merchanting business trades in a wide variety of chemicals and represents some 25 major oversees principals and suppliers.

Protective Equipment Division
The Protective Equipment divis The Protective Equipment division operates through two companies located in North West London, Martindale Protection lamited and Martindale Electric Co. Limited, which together supply over 3,000 customers in the U.K. and abroad. Martindale Protection Limited is one of the leading manufacturers of respiratory protective products in the U.K. and Martindale Electric Co. Limited is well known addrespected in the electrical manufacture.

The national and international interest and concern for the safety of workers should ensure the continued growth of markets for the division's products. In addition, there scope for a significant increase in export business.

MANAGEMENT AND EMPLOYEES Senior Management The Directors of Blagden believe that the new Blagden Group has a strong management team with appropriate depth in all key areas. The close relations between Blagden and City before the acquisition by Blagden of the European Businesses has facilitated the formation of the new Blagden Group's senior management team. Details of the Directors of Blagden are set out below.

Ronald Sparrow, FCA — aged 63, is Executive Chairman. He joined the group as Chief Accentant and Company Secretary in 1950, was eppointed in the Board as Finance Director in 1959 and became Chairman in December, 1961 In addition to his duries as Executive Chairman, he is specifically responsible for group finance and

Terrwyn Willchson — aged 53, is Group Managing Director. Before joming the group January, 1955, be was an executive with Guest Keen & Nettlefolds PLC for 16 years, including 10 years as a Divisional Chief Executive. Previously be quabilized as a Mechanical Engineer with the Rubery Owen Group, becoming General Manager of

is based at the divisional headquarters in Brussels. After 17 years with the Uniever Croup, he jumed TMT in 1985, holding a muriber of administrative postuons before his appointment as Charman and Managing Director of that company. In 1981 he was appointed a Senior Vice-President of City, with direct responsibility for all European operations, including the European Businesses. In April, 1984 he joined the Randorf Blagden.

Edward Bagley, BEE — aged 58, is Managing Director of the Protective Equipment division. A cutoen of the U.S.A., he has been resident in the U.K. since 1983 (which abactegoom on a electronic and electronical products, he joined the division in 1963 becoming Divisional Managing Division in 1969. He was appointed to the Board in 1 John Briggs—aged 61, joined the Board as a non-executive Director in 1980. He is also a chrector of Bunci PLC. Erskine House PLC, and several other public and private companies, as well as being a member of British Rail (Western) Board. Robin Buckland - aged 54, is Managing Director of the Chemical division. He joyed

the group in 1945 and gained a wide experience of the chemical business, become Shipping Manager in 1955, Trading Department Manager in 1960 and Divisional Director and General Manager in 1968. He was appointed to the Board in 1971 James Rick.—aged 64, was appointed a non-executive Director in 1383. Resident in the U.S.A., he is President of City and is a Director of TMT and Fernsa and several other.

David Walde, B.A.— aged 44, is Managing Director of the U.K. Container dramon. He joined the division as a management trainer in 1953 and, having held a number of positions therein, in 1972 he was appointed a subsidiary company director. In 1979 he became Divisional Manufacturing Director and in 1984 Divisional Managing Director.

Michael Wincher, TD, BSo(Econ) — aged S0, is Managing Director of the Planics division. Before joining the group in 1882 be held executive positions within the Rockware Group of Companies including that of Group Personnel Director and later Managing Director of Rockware Plantics lamited. He was appointed to the Board in 1983.

Employees

During 1984 the businesses fexcluding those in Spain1 which now constitute the new Bladden Group employed an approximate overage of 2,552 employees.

Auditors and Reporting Accountant Delone Hacking & Selfs,

Charlened Accountable.

and to the Offer

128 Queen Victoria Sueet.

Theodore Goddurd & Co 16Sr Martino-le-Grand,

Receiving Bankers
Nammal Westminster Bank PLC
New Issuer Department.
P O Box No. 79.

National Westminster Bank PLC.

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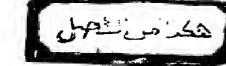
Property Street, Stree

No. of the last

Performance and a

centary Demograph

Serout below as an analysis of overage number of employees by activity:	The proformat consolidated belance sheet above combines for illustrative purposes, the net assets of the former Blagden Choup as shown in at 1994 accounts with the net assets of the European Businesses.	1964 1963 - 1900 E700	Amount provided for Triming Differences due to 1.014 1.01
U.K. Container drivision 792 European Container division (including Verstraete) 773	as shown to the Accomplants' Report, adjusted to redect  (i) the financium of the accomplishing of the European Businesses through the state of 14 950 000 new	2 Operating must (a) The group operating profit is acrossed at other taking into account — 272 347 Encounterists flocking company directors (non-2(b)) 2,257 1,957 Deprecipion of language fixed users 735 578	Fundasses (758) (65 Capital cause (758) (120)
Plastics division 739 Chemical division 105	Ordinary Shares at the minimum lender price of 112p per share and an increase in long-term debt of 8,000,000. The goodwill arising on the sequestion has been written off against profit and less account.	Profit on chispossi of tempible fasted assets (196) (12)	Advance corporation text according forward  Tax rehef on losses available for carry forward  244 28
Protective Equipment division 128 Head Office 27	(u) the revolution of the properties of the European Businesses as set out in the report by King & Company in Appendix IV, which grees rise to a tamples over net book value of £2,380,000; and (ii) the sale of shares to DPC N V to City, the settlement of mear-group behances each the payment of	(b) Discrets exclusions — 5 3	
Total 2,963	(m) the sair of states to LPC N V to Cary, the settlement of the proceeds by the European Businesses as additional dividends prior to completion.	Other recumeration 7 Persons to former conficients	Finedanate (66
Much effort has been directed towards developing a high sense of teamwork at each clant through the dissemination of information and ideas at all levels. As a result there		Compensation for lessolation 222 347	Advance corporation for recoverable (125) (12 Tax rehef on losses available for carry forward 4,369 4,509
has been link undustrial strife and this has been to the benefit of both the new Blagden Group and its employees.			
Executive Share Option Scheme The Directors of Blayden propose to introduce an Executive Share Option Scheme	Appendix II	1994 1993 The emploments of the charman, excharing pension commitments, Number Number transment to 151,569 (1963 — 541,515)	Movements charge the period 255 At Carl Jamery, 1964 (411 Unleed daming the period
complying with the conditions for approval by the Inland Revenue pursuant to the provisions of Schedule 10 to the Finance Act 1964 it is intended that a circular giving	FINANCIAL INFORMATION BELATING TO THE FORMER BLACDEN GROUP	The emoluments of the other directions, cardinding prensons contributions were as follows—	At 30th December, 1994
details of the scheme, and seeking the approval of Shareholders, should be disperched with the Directors' Report and Accounts for the year ended 30th December, 1994. The	(All references to the Blagden Croup in this Appendix are to the former Blagden Group as defined in this document.)	Up to \$5000 1 2 5,000 to \$1.0000 1 5,000 to \$1.0000 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	18. Contingent Liabilities 5000 5000 5000 5000 5000 5000 5000 50
terms of the proposed Executive Share Option Scheme are summarised in paragraph 8(v) of Appendix V. Copies of the circular will only be available to successful applicants	During 1984, the Blegden Croup acquired the minority interest in Rheam Blagden Limited for staires in Blagden. As a result the 1994 accounts have been prepared using interest accounting principles and the comparative figures for 1997 have been adjusted as if Rheam Blagden Limited had been a	E20,001 to E25,000	Hisking Company Guarantees green to hank overdraft facultures and lemens of credit intrespect 2,000 1,580 of two whiteharitis Counter indicaraties green to H. M. Cuistoms and Excase in respect 583
under this Offiet for Sale on request (see peragraph 8(v)) of Appendix V). PRO FORMA TRADING RECORD	wholly owned subschary duting that period. In the hables below, the 1983 figures are set out as research, no dipartments have been made to respect of earlier years.	ESPLOY to 540,000   3   1   1	of five subsidiaries
in 1981. TMT closed down its businesses making rachators and plastic beer barrels through which it incurred trading losses of over £1.3 milhon chiring 1980 and 1981. In	Accounting policies     The auminoral accounting policies adopted in preparing the accounts of the Blogdon Group are set	in additions to the above employments, community fees of \$2,900 (1963—15,842) were paid to a imped company in which a non-executive director has a majority material.	17. Pension commitments  The group has a timeless of pension schemes for its employees. The most recent valuations of the funds by independent actuaries indicated that there were sufficient assets in each fund to secure the funds by independent actuaries indicated that there were sufficient assets in each fund to secure the funds by independent actuaries indicated that there were sufficient assets in each fund to secure.
. 1965, is sold its interests in two companies, as detailed in Pari 2 of Appendix III.  Excluding its chare of the results of the discontinued businesses, the new Blagden  Group's proforma consolidated turnover and operating profit, together with its share of	out below—  Basis of economittee	3. Employees 1594 1905 Number Number	lands by independent actionnes indicated that there were sometime assets in each of the beautof benefits of easting parasoners and to provide paid-up persons to present employees on the beautof present salames and credited periods of service.
the results of Fernisa and Fernisasa, for the five financial periods ended 30th December, 1984 are based on information extracted from Appendix III and Part 2 of Appendix III and are set out below.	The group prepares as annual accounts under the historical cost bissed accounting.	(a) Average number of employees by activity Push: mouldings 908 921 Push: mouldings 597 593	18. Share Caminal of the Holding Company
and are serous below.  Operating profit Turnover (see above)	Complication The consolidated accounts scorporare the accounts of Blacker Industries PLC, its subsidiaries and obliged companies. Marger accounting principles are applied to those subsidiaries where the	Personal casts   908   921     Personal casts   908   921     Plant modifines   997   998     Plant and transformers   142   155     Chemicals   105   101     Inchicinal protective equipment   126   122     Holding company   27   25	<ol> <li>Share Capital of the Holding Company.</li> <li>On 12th April, 1984 the company accreased the authorised share capital to \$4,750,000 and also istand, credited as fully paid, 2599,000 Crelmary Shares of 25p-each and 1, 131,000 A Cr</li></ol>
	transaction inserts the requirements of Section 37 of the Companies Act 1981. Other subsidiaries are consolidated from the effective date of acquisition.		'A' Ordinary Ordinary (non-votro)
1982 97.709 6.445	All subsidiaries and related companies have accoming periods co-terminous with that of the holding company	1,908 1,907	Shares of Shares of 250 each 70td 250 each 70td 250 each 70td
1980 93,158 5,766	Condwill being the excess of the purchase consideration over the fair value of set tangible assets at the date of their acquisition, is wratten off to reserves in the year in which it ansets.	(b) Employee costs, archaing directors' emoluments         2000         2000           Wages and subspea         14,106         13,598           Social security cross         L292         4,298           Personan cross         701         814	At 2nd Jamesty, 1984 3500 3500 1250
Appendix Leets out the full pro forms consolidated profit and loss account of the new Blagden Croup for the year ended 30th December. 1964 The pro forms consolidated profit before taxation, adjusted as explained in that Appendix has been calculated to be	Related companies	Permina costs 701 814	Increase treathorned share capital  A 30th December; 1984 4.750
15,225,000 and includes the chare of the new Blagden Group in the results of the businesses referred to above which were sold in 1985.	the group basen precest in 20 per cent. Or more of the voting capital and asymbolic milinence in the management	4. Not integrat Payable 1923	Altoned, called up and fully seed 2,662 2,562 At 2nd January, 1984 504 283 402
The results of the new Blayden Group are sigmificantly affected by the strength of its comtamer customers many of which are major international companies which operate	The group's investment therein is included at cost plus the share of retained profits assuing since acquisition.	Interest payable on hank loans and overdrafts repayable within the years:  128 128	Resident of prior period (sole 11(b)) 639 283 322  Resident of prior period (sole 11(b)) 639 283 322  Agrestated at 2nd jamery, 1984 and at 30th December, 1984 3,301 283 3,504
principally in the petrochemical, chemical, paint and food sectors. Since 1981, the new Blagden Group has benefited from the growth to the economies supplied by its customers, as evidenced by continuing yearly increases in tumover and operating	Turnover Turnover comprises the invoceed value of goods sold and amounts charged to external customers for	not by witelments 475 309 351 437	Profit Share
profit and its sustained record of cash generated and the level of dividends paid.	services rendered. Traces levied on turnover are excluded.	Interest receivable 12 6	and loss premum economic account accou
Nothwithstanding this general mend to the new Blagden Group's business, there have been components of the group which have eather tocreased or decreased their overall complution in returne terms. In particular, the Plasnes division has reduced its	social value of the lower of cost and per realizable value, on a basis consistent with provious years. Cost consists of chror; material costs and where appropriate an addition for labour, works and administrative overs		### ### ##############################
contribution in returne terms. In particular, the Mastics division has reduced its complication and the French business has enjoyed relatively stronger growth owing to an increase in market share from a low base.	Depresenting of tangible fixed assets  No stresses were to provided on freehold land. Amountains of leavehold importance is mainted in	: 5. Taxon profiton authory activities 1594 1985 Corporation taxal 45.25% (1983—52%)	Anterophysis 17,317 893
DIVIDENDS The Directors have declared dividends totaling 7.2p per Ordinary Share in respect of	equal annual matatragents over the terms of the leases. With these exceptions, depreciation is calculated to rectice by equal annual instalments the amount of the tanguble fixed assets to their	Correct 990 950 Deferred - (114)	Required profit Supplus around to expression of monority interest in H. Taylor (Drame) Learning Control beautiful Control beautiful (86)
the year ended 30th December, 1994. These dividends, at current tax rates, represent a gross-yield of 9.2 per cent, on the minimum render price of 112p and would have been	estumated tealsable value chang their working lives and is changed at the following principal rates  per summu — 6095—106  Peni and equipment	. Overseastax 690 536	Control transmitter operates 78 Foreign synchronic gotter 78 Foreign synch
covered 19 times by the new Blagden Group's pro forma earmings per share. The Board expects to maintain, on the enlarged share capital, the diridend level paid to 1984 by declaring dividends totalling at less; 7.2p per share to respect of the current	Plastics modules 20% —331/5% Motor vehicles 20% Prechold buildings	Charge for the percod 854 858 Adjustments of pnor percods (33) (145)	5. Statements of source and application of hards
year.	Taxahon to provided on the basis of the profits included in the profit and loss account adjusted for fiscal	821 540	The consolidated matematistic former and application of finds of the former Blagden Comp based on the published audited account for the times financial years to 30th December, 1994, are set out.
Dividend payments in recent years have consisted of a first interim payable to October and a second interim payable to April of each financial year. The new Ordinary Shares now being offered for sole will first rank for the interim dividend payable in October,	burboser	The charge for the period is stated after suck reliafof 152,000 (1993 — 1283,000) and an excess of cantal efforts over depreciation amounting to 1406 900 (1993 — 1280,000). The charge for 1993	1984 1983 1988 5000 1000 1000
1965.	Provision for deferred transmissingda, using the lability method, for all mining differences except those which, to the opinion of the directors, are not expected to reverse in the foreseable figure.	capital ellowances over depreciation and mining to 1446 5004 (363 — 1280,000). The change are 1865 was also reduced by Ed 1,000 in sepect of defended markon provided in prior periods and which in the opinion of the chiectors was no longer required.	Profit before not anti-extraordinary seine, less removity interests 2,021 2,527 1,536 Adjustments for means not mendoing the provement of funds:
PROSPECTS  The proforms consolidated operating profit and share of the results of related companies of the new Blagden Group in 1984 increased by 7 per cent from \$7,148,000	No provings is made in respect of ear habitines which may arise to respect of capital gains deferred under Socion 115. Capital Gains Tax Act 1979.	In the event of the oversees subtechary company chemboung extended profes, additional labelity to U.K. toxanon, less relief for overseas (a), will ause.	Depreciation 2.287 1.857 1.814
to \$7,639.000 despite a sharp deterioration in the performance of the Plastics division which is receiving the Board's full attention.	Besearch and development Research and development expenditure as written off as mourred against profit on ordinary activities below a training.	6: Extracedimery item. 1981 1983 2000 2000	Losses (profile) of related companies
Future growth of the new Blagden Group clearly depends upon the continued recovery of the world economy, particularly as it affects its customers in the	Pensions Pensions for existing employees are funded, at rates determined by independent actuaties, by	Pant closure and reclambancy payments after treation (57)	Fundation other sources Deposit of sugainte fundaments Deposit of selected company 32 32
petrochemical, chemical, paint and food industries. In times of uncertainty in miernational currency markets, management is unable to predict an overall trend for	entural contributions from employees and from participating companies. Company contributions are charged to profit and loss accounts for the period in which they arise. The various schances are left up	- 7, Dividends 1983 5000 5000	Other non-certations,
1385, especially so early in the financial year.  If economic growth in Europe in 1385 is maintained at the same level as that	under separate trusts and their assets are completely separate from the assets of group companies.  Translation of foreign currencies	Develorits for the period to members of the holding contigany:  - therain3.5p per share (19833.5p per share)  Second memor37p per share (19833.5p per share)  500  323	Attentingents arrang on deconsolidance of subtactary Tampable foods stem Coher (186)
experienced in 1964, the new Blagden Group, with its widely diversified geographical base, will be in a good position to maintain its growth of business volume and market	Ascess and habilities of the oversizer subsidiary are translated into sterling at the zate effective at the balance shoet date and any exchange translation difference arrang up consolidation is shown as a movement in recurrer. Exchange deferences arrang from trading operations are accompted for	1,032 724	Foreign exchange profit (loss) 78 (46) (16) (16) (190) - 4,800 (18)
shate and to imance the development of new products which the moreasing sophistication and specialisation of its customer industries will demand.	within operating growth in the period in which they occur.  2. Profit and loss accounts	- 8: Retained Profit 1983 5000 - 5000	
With the exception of Fernsa, trading for the new Blagden Group has opened sabsfactorily in 1985, in line with management expectations. Fernsa and Fernbasa	The corrolated profit and loss accounts of the Blauden Croup based on the published audited accounts for the five financial years to 30th December, 1984 are set out below.—	The retained profit for the period has been dealt with in the accounts of Holding company 194 807	Purchase of fixed assets 2,651 2,592 1,846 Loan repayments 750 500 600
together contributed less than 3 per cent of the total pre-tax profits of the new Blagdian Group in 1984 and details of the setback in Fernsa's trading for 1985 are given to Part 1 of Aspendix III.	Notes to 1964 1963 1962 1961 1960 the 1984 (52 meeted (53 weeted (53 weeted (53 weeted	Related company	Drodends part to company shareholders 275, 670 839 Drodends part to manager shareholders 169 174
The acquisition of the European Businesses is seen by the Board of Biogden to be a unique opportunity to build on the long experience of the U.K. Container division and		L085 L206	Plent Construct feetheritency payments. 57 48 Costs of another copital 86 96 Cash necessario of numously miserests 313 —
unique opportunity to build on the fond experience of the U.K. Container division and thereby in become a major Europe an force in its industry by greatly strengthening its overall competitive position. The Board considers that the outlook for the current year.	Gross profit 13,697 12,698 12,012 - 12,087 12,360 Distribution (cods) (4,391 (4,087) (3,639) (3,539) (3,533)	Earnings per where a scalendated by denoting this earnings for the period what treated which the time earning the period when treated the 100,000 (1983 — 21,907 1900) by the mutable of ordinary states of the 100,000 (1983 — 21,907 1900) by the mutable of ordinary states of the 100,000 (1983 — 14,336,304).	5.737 1.4861 3.436
for the new Blagden Group as a whole is encouraging	Administrative expenses (6.021) (6.021) (5.025) (5.906		(Decrease) increase in Working Capital (60) 402
	Operating profit 2 3.507 3.099 2.331 2.665 3.062 Stare of results of related companies — (3) 7 (3) (39)	10. Tatoglible fixed assets Land med Loudings equipment Total 2000 5000 5000	Increase to stocks 993 299 584 (Decrease) increase in debinary 236
Espandix 1	Net micrest payable 4 (539) (431) (595) (558) (462)  Profit on outlineary activities before	Coet Al Zod January, 1994 6.319 22.000 28.319 Expendence 189 3.462 3.651	Increase to crecinous excludinty becomings, tagagina, and proposed citrolends (845) (163)
PROFORMA CONSOLIDATED PROFIT AND LOSS ACCOUNT AND BALLANCE SHEET OF THE NEW BLAGDEN GROUP Pro Forma Consolidated Profit and Loss Account	Texastron Profit on Graduatry activities 5 (821) (540) (364) (765) 144	Desposals (50) (714) (764)	Movement in hourd Americ Increases (decreases) in hourist balances 997 52 (38)
The consolidated profit and loss account of the logger Blagden Crowpand a proforma Consolidated profit and loss account of the new Blagden Croup for the Imancial year ended 30th December, 1984	Profit on ordinary activides after 2,147 2,065 L479 L220 2,732 Internet Birth (47) (28) (147) G3L3) (861)	At 30th December, 1984 6,598 24,748 31,208 Deprecasion	Increase to bottowings (2278) (453) (217)
amset out below: The new	Earnings antribusable to the	At 2nd January, 1984 1,472 12,370 14,342 Charges or profit and fore account 166 2,121 2,287 Despoyable (13) (49) (307)	8. Principal substitucies
Blagden The former Croup Blagden pro formet	stance-in-olderes 2,100 1,987 1,332 907 1,881 Extraordinary news 6 — (57) (134) (11 (37)	Ar 30th December, 1984 1.625 14.937 4 16.632	The following use list of the principal subsidiarias of the Blogden Group, their requiremed offices and served share capable.
Group Chasealadated 2000 5000	Profit for the period 2,100 1,930 1,198 906 1,844 Dividends 7 (1,032) (724) (639) (539) (539)	Net Amounts At 30th December, 1984 4,833 9,751 14,584	Containers Begieverd Offices: Fullypeid up ENGLAND (see Key below) ImmedStune capital; Rhoem Standen Ltd A 23,660 476
Castofsales (98.704) (96.811)	Remarked profit: 8 1,098 1,296 589 367 1,399 Earnway per share 9 14.70 13.80 12.50 8.50 17.70	At 2xrd January, 1984 4.847 8.630 12.477	Rheem Blayden Manifecturing Led A \$210,000 Rheemco Led H \$500,000
Circus prodit         13.697         22.271           Dystribution codes         (4,1341)         (8,245)           Administrative expenses         (8,065)         (8,386)           Other operating motorie (expenses)         239         (89)	Dividends per share 7.2p 6.9p 6.0p 6.0p 6.0p	Leard and buildings contense Cost Depreciation Net	London-Contanens & National Ltd B £1,100 Victor Blanden (Barking) Ltd A £1,100
Other operating moome (expenses) 239 (39) Operating profit 3,507 7,446	Balance sheets     The consolidated balance sheets of the Blagden Group based on the published auchted accounts for the five financial years to 30th December, 1994 are set not below.—	Freebolds 5,748 1,448 4,299 Long teases 536 109 627	Geo. ft. Ward&Sons lad G £32,000 H. Taylor (Drams) lad D £125,000
Share of results of related companies — 318 hereot and sivestment income 12 -342 (SS1) (1,782)	Notes to the 1984 1983 1989 1980 1980		SCOTLAND COTLAND F \$15,000 Neil Dryburgh & Sons Led L \$27,800
Profit before togation 2,968 8,227 Taxanon (621) 2,090		1904 1963	BELGUM
Profit after taquation 2,147 4,131	hrvestraent t1(a) 33 38 108 118	. Capital commitments: \$100 \$100 \$100 \$100 \$100 \$100 \$100 \$10	Pleatics Mouldings
Minorities (47) (17) Attributable éstraings 2,100 4,114	14-617 12-510 12-598 13-625 13-639	the accounts emounts to 708 1.873 of which contracts have been placed for 563 669	ENGLAND H. B. Biewnoutders Ltd. Wildows Industrial Modelings Ltd. B. S. 1,100
Emacordinary vents - 1,081 Profit for the year 2,100 5,185	Shocks   12   11.470   10.477   10.218   9.634   9.478   Debrors   13   14.394   14.595   12.678   13.472   12.497   Cash et bauk and to band   811   214   162   200   400	11. Flood asper tower monts (a) Related Company	W. W. Bill & Suns Led K E2.772.617. Bull Pleisters Led K E2.772.617. Henry J. Peters (Billericey) Led K E17.000
Drividencia (1.03c) (2.109) Profit resained 1.068 3.066	Greditors: amounts fallung due 26.665 25,277 24,058 23,308 22,455	At 2nd january, 1984 Co. Starte of post-acquisition reserves 31	9.2.F. Processes (Execut) Lack  E 21,000  Charmicula
Exemings per share 147p 140p	withmone year         14(a)         17,972         16,181         14,643         13,912         12,748           Not Current Amets         6,663         8,118         9,415         9,394         9,705	At 30th December, 1984	ENGLAND Victor Blagden Chemicals Ltd A ES1,000
The above pro forms consobdated profet and loss account combines, for illustrative purposes, the results of the torner Blagden Croup as shown in its 1984 accounts with the testalist of the European Brauceses as shown in the Accountants Record.	Total Assets less Current Lichtinies 23,310 22,625 22,401 23,019 23,201 Greditest amounts lating due after	The related company is not listed and, according to the information evaluable to them, the directions place a value on the investment theorem approximately equal to the amount shows in the consolidated	BAN Chemacals Lid A £100,000
The effects of the consideration to be paid by Blagden for the acquisition of the European Businesses	14(b) 256 335 813 1,250 3,000 3304 22.201 21,589 21,769 21,201	balance street. (b) Subschanes Durney the pound the company acquired the manufuly interest in Risean Blanden Lamped for	ENGLAND Maringste Prosecuon Ind Maringste England (2) 2 and 2 182,700
have been accounted for as follows:  (1) Interest has been middled for the full year on the maximum cash element of the consideration at the effective average inverest rate ruling clump 1994. This is on the assumption that this cash	Provision for Liabilities and Changes Deferred integer 15 244 285 433 1,007 738	shares in the company. As a result these accounts have been prepared, rang merger accoming punctures; as if this company had been a wholly owned member of the group for the parced.  Accordingly comparative figures have been restrict where appropriate. (See notes: 18 and 19.) in addition the group acquired for a cash consideration of \$12.4.93, the miscority material in H.	ANTONIO DE LA COLLEGIO E E LA COLLEGIO E LA
element and borrowed meaning.  (n) UK, we relied to the additional uncrest has been allowed in the everage tase ming m 1984 of 45.25 pet over.	Not Assess 22,500 23,006 21,135 20,763 20,453	Taylor (Drums) Limeed.	Drake Transformers Lid (Electrical Engineering) K £35,000 Toolchrome Lid (Electroplating) K £38,000
(att) The dividend at the rate amounced for 1994 has been provided on the increased share capital.  Pro Forms Consolidated Balance Sheet	Called up share capital 18 3.884 3.984 2.662 2.662 3.662 Share premiutin account 19 417 503 503 503 503	No substituty is based. Disciplying alphabasis country the proportions of their called up share capital held by the group are set our as paragraph 6 of this Appendix.  12. Sincks	All subschances are owned 100 per cent, directly or indirectly by Blegden except where indicated.
The consolidated balance sheet of the former Blagden Group and a pro forma consolidated balance sheet of the new Blagden Group in 30th December, 1994 me set out below.  The new	Shareholdess Pends . ZZ.562 21.404 14.569 14.094 13.741	Raw materials and consumables 4.791 4.953	A 16-18 Fishion Carden, London SC1N 8F7 8 Best Works, Buchest Road, Categor There Landon F18
Blagden The former Croup Blagden Pro forma	Minocity intereses to substitute 11(5) 218 602 6,566 6,738 9,722	Work to progress 2.245 1.778   Finished goods, metrding chemicals bought for resule 4.434 3.746	C Westinghouse Road, Tradiced Park, Menchester 17 D - Assumouth Way, Avontouth, Brazel 851 SHD  Monoton Long 1 and 1851 SHD
Group Consoblated 5000 5000	22,600 22,006 21,135 20,752 20,453	11.470 10.477	F St. Junios Cooperage. Greenfull Roed Pensjey PAS IRE G Wiston Road, Rhyton Industrial Essate, Physiol Nr. Leverpool, Messeyside H St. Vincetor Western
Protect	4. Notes to the 1994 accounts The rows in the consolicated accounts of the Stagden Group for the Seanand year ended 30th December 1994 are not below.—	13. Debtons 1994 1993	Schaupbruggestrati 37. 8610, Resselture Atmibetor, Belgning     Burssard Works, Kennel Larie Billencek, Esser CAL1 (255     The Cooperage, Easter Road, Lenin, Erinsburgh (166 9)
14,617 23,769	1. (a) Analysis of Group Turnover and Profit by Activity	Trade debutes         13.696         13.676           Prepayments and accrated income         523         446           Other debutes         176         199	American Essentis
Corrent Assets 11,470 21,105 Socks 11,384 24,101	Turnover Profit before last 1991 1993 1994 1982 2080 2000 2000 2000	14.304 14.506	Appendix III
Cash at bank and in hand 291 25.065 27.711	Manufactured and reconditioned drivers and easier U.K. plants Overspan plant 4.934 4.286 418 389	14. Conditions 1889 2983	Tereno-can porderes
Gredbour amounts falling the within one year 11,972 27,673	81.573 28.595 2.263 2.186	(a) Amounts falling due within one year  Blank loan and overdrafts 5.881 4.163	PART 1 DETAILS OF THE ROTERISTS ACCUMEND
Net Current Assets         8,683         20,036           Total Assets less Current Mabilities         23,310         49,835	Planng and transformers 2,521 2,160 (215) (357) Chemicals 21,529 19,312 902 523	Trade creditors 8.799 8.706 Corrorators 824 457	Introduction
Long term debt 75 10.486 Deferred leganon 244 2.273	Operation - 3,907 3,039	Drividentis due to manoraty shareholdens.	The European Business comment of the Inflowmer.  (i) \$9.21 per case of the instead chare capsal of The Concorporated to Belgium) which to item owns.  (ii) 100 per case of the instead share capsal of Parameter (incorporated in the Netherlands).  (iii) 20 per case of the instead share capsal of Variances (incorporated in the Netherlands).
Provisions Includer         191         1.606           Net Assets         22.800         35.500	Interest and share of related company's results (\$39) (434)	Other creditors 1282 1247	(b) 20 per cept, of the issued share capital of Versionere (incorporated in Belgium) the remaining 80 per cept, of which was already owned by Rheem Blazzlen Limited and the control of th
Capital and Reserver Called up there cannot 3.594 7.322	72,401 67,185 2,998 2,605	11.972 16.161	(c) 100 per cent of the issued share capital of DSP (Incorporated in West Cennery).  (ii) 100 per cent of the issued share capital of Tolenes (incorporated in France).
Callier up State Capital  417 13.423  Profe and loss account 18,581 14,646	(b) Destination analysis of Personner 1994 1962   1900   1	Corporation tax	(w) Styler cent of the stock of the expelled return Canolif (incorporated to West Germany), per cent of the usued share capital of Fembers (also incorporated in Spam) which in turn cents 78:38
Shareholders Funds 22.982 35,391 Minocity inferests to subsidiary companies 218 109	United Kungdom 6,130 6 134 6 135 Cher 1,1571 1,191		(v) the remaining 21 72 per cont of the issued state capital of Fembers. (vi) the leave of the European Headquarters from which management of the above interests.
22.800 35.500			"Rains Gubt and DSP are the partners in Schnielenbech which are geologic partners in Community and C
	72,401 67.195	The bank loan is repayable to misukseems by 1997 and the corporation six is that for payment to 1995.	Commo law.
		and the state of t	Common Law.
		The bank loan is repayable to maintraents by 1887 and the corporation six is that for payment to 6986.	Geograpiane.



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	Financial Times Monday March 25 1985
ants for	
-462 E.	
entures of the second	TMT — Belgium
CILIDIA.	(a) Product and sales That manufacture: 1910 on 2 proposed interested drawn. If to 20 has pask in either practice in plate plater, party care 100 p. 12 100. 5 littled and to blanched drawn. It makes the base but the respect
ू पांक	and broken processing the College of the Sales and to the Sales and the Sales and the Sales and
newed	Until January 1921 The Tair I Super cent started a joint remains with Societé Continentale Parker. François Parker Benefus S.A. and haria Societa by produce content observation Parker Receives S. This acceptance has been sold and The T is now explained propagation the manufacture of steel and
,,,C(I	many contracts: 1 to a fact contract before more depth 1 (35 makes (4 4 6 miles) (1960 FF ) of
- <del></del> -	packaging prompts and a mery place; packaging minutactions: Remarker for seeing packaging products. Livry, kyw, that beington Co the cities hand, placing participant products in the past before an expension to desire and expension better hand, products in the past before the past will be able to expension to the past before the past will be able to expension.
-2. 5 July 2004	complaness the must packages praduct the and the blev modified packages.
	The Tipe charges are used to hald such substances as specially chemicals, indictinal painty and college, preserve interesting a family food products for the dependent market and, through customers expect to price work market.
The land it cont	On Manufacturing Fundamen The operation from the plant is Gheet. The plant is modern, hereby been considerably expanded and consequence at 1271-1181.
The state of the s	(c) Management and Employees monitoring equipment. There are 250 cmployees having the Management As T Calculus.
19 10 10 10 10 10 10 10 10 10 10 10 10 10	umon, who are represented through a Worlam Council which meets quarterly  60. General
The second second	The indistrial packaging instances of TMT has empryed a steady increase to business volume from 1960–1960. Management between that, as the enablathed market lender for steel packages in Below. That is well observed to had for its representations.
Samuel Samuel	Ventracie — Releium
S- Self the B	Biogram, through up wite für-counted subscitury. Phoeen Blagden Lemmed, absorby come 60 per cept, of Venstragte winch reconsistents distributed an plante Rembelor
	Plannetha — Metherlands  Ga Phoducts and Sales  Plannetha three cornand total hand 240 into and entertain the state of the sales and sales  Plannetha three cornand total hand 240 into and entertain the sales and a sales  Plannetha three cornand total hand 240 into and entertain the sales and a sales  Plannetha three cornand total hand 240 into and entertain the sales and a sa
CIESTI CALL	Plamatha manufactures open and togla head 2(0 kms and membedate sized steel drong steel pails and the plate care from it. Sectory as Hidramen Salins are to the changest food, material of, worstable of and puts arisistant to 1964 Pamethas not sales were to 71, 64.5 pails or (£15.1) million) (1960 D.P.S. S. Salinson (£15.1) million) (1960 D.P.S. Sa
The state of the state of	to a sustain (e.g.) graces. In a very competing competency Planetin has increased its number and expanded in customer have over recent years.  (b) Manufactories Partition
State of the state	The Flatterian factory has four production limes for seel drysmand pails one for 210 line drisms, two for intermediate driems and one for pails. There are seen production layer for the plate care: three for success and four for cylindrical case. Production language case and for period condition.
and plants	an production lates for the years.  (c) Management and Employees  Plantation has 200 parameter or outside and december on production leads benefit that and for
Carried Marie	Company The two more sector messpects are Keen Hopmann (General Manager, France) and Technically and Paul Pagardad (General Manager, Commercial who panel Pagardad (General Manager, Commercial) who panel Pagardad (General Manager, Commercial) who panel Pagardad in MPA and
	1947 respectively.
	and management has scaled that no statement engagement engagement engagement is a made imple and management has scaled that no statement engagement labour problems have energic the light have years.  40. General
	Oversits highly floot: le standacturing capacity, management believes Planethe is to a good position to take advantage of technological impressor to publication management inserted interest the
10 Lane	Netherlands. Tuberier — France (a) Products and Sales.
	Tolensomerolecumes 210 litte and intermediatesteel draws, both insed and unbased.
Section of the best of	206 kine drums form 90 per cent of salestby mit. It supplies the charment industry, which isless 50 per cent of miss, and the oil artimaty, which takes a further 30 per cent. Not sales in 1684 amounted to FF 1974 station (f, to 3 million) 1363 FF 95 6 million (6, 4 million))
	(b) Manufacturing Facilities Tolerwish as two facinges at Learns and at le Vandreuil, Rouen, and a boad office near the mem plant at Landay. The facings at le Vandreuil in the North of France, was built as 1978-79, due to the attraction.
The state of the s	importance of powerful customers in that area. Lo Vandeusi produces only 210 line drums.  (c) Management and Employees  There are 121 employees bedded by M. Partick Ducacount (Management Sectors).
1	Toleras is affiliated to the Conventions Collectives do in Metallurgue and there was weakers' representative in each and. The January beed office has a Count of Europease.
The second secon	(d) Concrete Tolorest Superior State of the State of the Control o
C. C	umi sales and tunnover vech increased and gross profit amoveded bindget by over 30 per case. As one of the four major supplies of chains in Fission, Tolerage in its aposition to take advantage of the opportunity to increase insides share Tolerage has a colosistently good and improving profit record.
No and the second secon	Schmalenbuch — West Germany (a) Products and Salas
-	Schmalenbach magniactures haed and unknod 210 hive and externed site steel chang.  The draw market to Germany at very competitive being shared by about 16 German compenies. The
pected of	patrochemical and chemical industries raise 80 per cent. of Schmalenhachtsanles and the oil industry 13 per cent.  (b) Manufacturing Facilities
	A fast to the Doublesy plant in 1-by 1884 champted the normal manufacturing process but once the new machinery is improducen Doublesy will open produce most (the 210 bits distant. The other factory at Cernsheim weaksit is the mixed 1970s close springer customers, and precipionismity sproduces.
erry sale	intermediate drivers.  Incurance policies covered at Office decayoe caused by the fire, as well as houses mercrophor for
	livelys retruits. The Consulterm plant is operating in two shifts in order in minimum production.  Insurance mouses appointing to DAMIO shallon had been received to the end of January 1885. The class for rebuilding has been met up this. There is a small before it of production manages on respect of
CORRESPONDENT	plent and machinery and stock. (c) Management and Employees
Ser Me Galle manns Ser Galle Top diamons	Mr. F. Leesawra holds the position of Central Minusper, he hashing a staff and worldones of 116 employees. Frommen and administrative personnel and store 40 per cent. of employees are members of usefe impose. Therein also a notionary company Works Council.
ing Down Bougarie grownia, dan made	(4) Cested While the fire last instructed the results for 1984, management hopes for a significant improvement in 1985.
an ang tao Sembreas an arawah sembana	Femse and Fembase — Spoin (a) Products and Sales
en til også tillsær.	Usual that years, Ferman here bear the stoke supplies of the plate crasts the Spanish side owned oil company. Other mapphens have tendenty been apphensed and Ferman status to this consumer and exposured to be tracked a substantially my 1955. The commonse is, at present, this sole customer of Ferman.
** *** **** ***	and so, while management is transprished and exposite to maintain the effect of this change by Excumulation, it is possible that there will be a appoint an adverse effect on Person's countrion to the profuse of the European Resource to 1950.
A de la la company de la compa	the promote the European promotes in the combusion of Femes and its subsidiary Fembera to the comings of the European Suanesses instructed by the beginning.
: ::::::::::::::::::::::::::::::::::::	the total pre-tax profusof the new Biogden Croup.
	Penthusa manufactures (310 size and fracture dust meet draws and pasts mainly supplied to the petroleum and food secons (obsu and vegemble oils).  (b) Manufacturing Zecthans
모두 그 타고프	The main plants in Besceloins plus four satellite expendity plants installed in refinences in the south of Spain. A limber plant in Seville became upconomical and was closed in 1963.
73. To 2. Fire	At 3 ist Docember, 1984, Forms and Fernham had 398 employees of which management estimates that approximately 40 per cent. Deleas to used, manus. Labour systements were governed by a formal agreement with employees. This agreement is normally reviewed annually and certain aspects.
	proceedly wage intex, are revised.  PART 2
مستقبل الشياد المستقبل المستق	ACCOUNTANTS REPORT  The following is a copy of a report by Debatic Hasking & Sells, Charlested Accountants, which was
	prepared in connection with the acquisition by Blagden of the European Businesses.  The Directions.  128, Owen Victoria Street.
1000 A 2000 A	The Lanceton.  Biggoon Ladwing PLC  16-18 Hatton Carrien,  Loaden ECIP QX  Loaden ECIP ST
2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Londop ECINSF) Sth March, 1985 Contlemen,
A 41	Introduction     We report a counterm with the proposed accumum by Blagden Industries PLC ("Blagden") of
	cartum unterests of the European contumer division of City Investing International, Inc. ('City') and Ralum Industries Inc., extractance of City Investing Company.
laims rise	The companies and the effective microsis florrin to be acquired are.  TMT. N.V. (TMT)  Zuid-Nederlandes Metualwarenfabriek Flamenha B.V. (Plamethat)  Notherlands  \$2.21 per cont.
HATHID IN	Tolenee Rhodomennes, S.A. (Tolenes')  Rainn Industries (Bublic) (Rober)  Rainn Industries (Bublic) (Rober)  Fibracacion de Envaries Metaboox, S.A. (Temma')  Spain 50 per cent.
market	Femba S.A. (Fembasi')  Femba S.A. (Fembasi')  Femba S.A. (Fembasi')  Flamentin ste 100 per cont. subsidiary of TMT. Ratin is a partner use German partnership, August
	Schmalenbach Crobil & Co. off (Schmalenbach), the other parmer nong a wholy ownered druct, subsidiary of TMC. Other 603 per cont. microsit in Fambass, 21. 22 per cont. will be acquired druct, subsidiary of TMC. Other 603 per cont. microsit sharpen blanker Parmer per Fembass, will
10 - 10 - 10 - 10 - 10 - 10 - 10 - 10 -	the remainder through Feinsa a 18.25 per Dent. miented therein. Neither Feinse nor Feinbein will become subsidiaries of Blagden and they have, therefore, been treated as related companies in this report. We refer to all the companies above, including Schmalandiach, in the "European Bumpemen"
	The finneral microston set out below represents a combination of the results and not asset of the
79	our report in the circular to the shareholders of Biogram in he cases him sample, here. The instruction is based on.—
	their results and not assets in the constituted accounts of City Investigation (ii) the samual accounts of Ferrisa and Ferrisas.
	This financial information has been reviewed to the following action:—  (i) TMT and Schmalenbach—the financial information has been reviewed by Peat Miswick Machell & Co. (PMM-). For the four years ended 31st December, 1963, this entertains to was of the control of the contro
	lemied scope, relating to the information's increased in the according to the account relating to TMT.  Investing Company and PMM did not express a separate opinion on the amount relating to TMT.
	and Schmalenbuch  (b) Plameths—the financial information has been auchied by Peet Managic Nederland for the five years ended 31st December, 1984
13.	(hi) Toleries — the impropal microscop for the two years excled list Decamber 1994 has been audited. The financial microscop for the two years excled list Decamber 1995, this example has been to years excled list Decamber 1995, this example has been been been proposed by PAMF For the year ended list Decamber 1995, this example that a recognition of the control of
	scope, relating in the informations are mission in the authority operation on the amounts relating to Investing Company and PMM did not express a separate operation on the amounts relating to
	Toleries:  (v) Femsa and Fembaca — the imaneual information has been subject to a limited review which did not constitute as such.

المحتلة المعتصرة

The same of the sa

TMT—Bekrium		
(a) Product and sales This manufacture: 1915mg = 2 reproducts area later. 19 a return of the sales	(at) Related companion Related companion to those companion to which an ancreat it if if per earn or more is bold and where a significant refluence on the measurement can be exercised. The attributable state of the	10
photography cann and gold 1921. If there are the time pleate draws, it is also the base for the plant and development many of the European Burner many Sales are to the perpethenneal, chemical, paint and food section.	resum to the year are included in the combined peoble and loss accounts. For Festica and Fortificate, the investment is shown in the belance shown at means that it is chare of net assets.	
Until January 192: 77-67 bord a 50-per cent standards jount venture with Location Communical Parket Planton in Parket benefit of A confined to the confined to	Other releved companies are included at cost play the charte of required reserves arrang nace acquisition.  (I) Desired legislates	
plant continued. L. 1974 and otherwise security apparent in the 1.125 million of 1.4.5 million and 1.4.5 million of the continued and	Provision for deferred taxation in respect of all uning daily energy princip uning the Labelty method, except for these which are not expected to reverse in the latest case.	İ
packarping prominent style community management to be the market leader in Bulgium for steel packarping prominent style many places packarping management from the steel packarping products to break the free for the common to the common tender to be the market from the packarping to the style from the free for the common tender to be the common to the common tender to be the common ten	(g) Pennana Pensana for existing employees are provided by armisi contribution from employees and the Lumpeas Suppensions. Provisions made by certain instanced pensans.	
produce and make of construction regulated open head only and drawn makes and other and the sale; to	(h) Transistion of feeding currencies The insigning residued the Dampoon Burnicuses are translated may sterling at the swenage rates.	
combanism the mine baseable blacked risk and the first total because pile	ming during the year. Amount and habilities are translated at the prices effective at the behance shoet date. Each at our discrete arranging the retranslation of contract constall and reserves.	
TMT's packages are used to bold such substances as specially chemicals, indictival painty and coalaryst presses interesting of and bolk food products for the depression market and, through customer depress, by the world night of	and on the difference between splanned profit for the year at the average raies and at the year end price are shown as movements on reserves.	
(b) Manufacturing Fundament That operate in the respective of the plants mendament between bosons and the plants of the plants o	Combined profit and loss accounts     The combined profit and loss accounts of the European Businesses for the five yearst ended     The Combined profit and loss accounts of the European Businesses for the five yearst ended	
and made painty at 1752 with the republic to the St 212 has drawn, astermediate drawn, and pain, and modern his wondown and supposes, most one quapturer.  [6] Management and Employees	31st December, 1984 are set not below	
There are 250 cmplayers beselved by the Managung Deserva, Mr. T. Schreiber. Mant of the factory weathern and over half of they often acre management employees are members of registered trade union, who are represented to make a Council which meets question!	Temperar (i) 46.691 41.296 33.531 33.195 32.934 Costofisales (18.107) (33.710) (28.679) (26.592) (26.936)	
(d) General The indictoral conference barrance of TACC has constant a standard and a standard an	Conserprofit 8.674 7.576 8.854 8.583 5.998 Distribution coets 11.610 11.5761 11.300 (1.350 11.36)	
1995—1994, Manayement behaves that, as the unabhabled question leader to purhase velocity from 945-950. That is well placed to bask do use experience and reasement and development for pasticularly with regard to the development proportion of the properties of the property pasticularly with regard to the development proportion of places obtained.	Adminutative expenses (2.443) (2.364) (1.694) (1.695) (2.155)  Other iscome (expense) (278) 307 200 (1.365) (557)	:
Ventragie — Belgienn	Operating profit (u) 3.555 3.843 3.970 2.038 1.953 Related companies 333 259 144 55 279 Market and involument income 343 466 444 588 334	֓֞֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֡֓֓֓֓֓֓֡֓֓֡֓֡
Bagden, farough as wig fly-council subscribing. Phoens Blagden Lemmed, absorby owns 60 per cent, of Variation to what it reconsists no draws at an plant to Familie has	Interest and invostment income 343 406 444 598 394 Interest psychia (257) (300) (207) (313) (366)	
Plannetha — Methechands  (a) Products and Sales  Plannetha manufactures open and trytu head 210 ture and manufacture sized steel droves, since pails	Profit heterotemation (1) 4 327 4 310 4.231 2.136 2.900 Taxonom (60) 11.760) 11.760) 11.415) (856) 11.126)	
of and paint printing to 1964 Paraethe ever extension D. D. 64 S	Psolis abortessation 2,957 2,510 2,518 1,280 1,174 Minorates 117) 115) (9) 110)	
The second control of	Assitutibile semings 2,550 2,593 2,797 1,271 1,164	
The Helateren factory has four production trees to speel draws and pairs one to 210 hos draws, two	Profet for the year 3.631 2.365 2.797 (457) 1.164	,
square cass and four for cylindrical cass. Production lates are efficient and to good working conductor, all production lates for the place cass have been resulted or appreciation the last fire years.  [6] Management and Exployees.	(3.25)] 11.76() (863) (86) (362)	1
Plamatia has 240 portrauted employees and, depending on production levels, large facilities as a very engineer of 45 people per day were engineed from the leading	Frofitymined 380 594 3,098 (541) 702	
company The two most action measures are fiere Hopmans (General Manages, Finance and Tachmonl) and Peal Posanda (General Manages, Commercial) who joined Plannaths in 1958 and 1957 respectively.	100 to   1	1
About 27 percent of factory workers and non-transportant employees are manufactured a trade to the	Belgama 14,798 13,191 11,429 11,331 11,211 Methorkada 15,100 12,100 10,769 10,216 10,575	1
and management has stated that no states or agreement labour problems have aparons the last live years.  40 General	Presides 18,368 8,373 7,273 8,753 8,500 Commenty 8,560 7,622 6,072 4,875 4,858	
Given us highly flouble mentifiching capacity, management believes Planeths is to a good position to take advantage of technological impossible to protect or recrease to overall parties there in the	46,681 41,286 35,633 33,195 32,934	
Netherlands. Toluriar—France	Profit bestere teastor:  Belgum 1,945 1,506 2,140 495 235  Nethershade 1,571 1,599 1,504 1,423 1,599	1
(a) Products and Sales Telemetros resiscency 210 litre and intermediate steel chaosi, both liped and unland.	France 609 559 432 273 (167) Germany (171) 08 6 1107) 1166)	1
216 kine drums form 90 per cana classes by smt. It supplies the charmed inchestry, which teles 50 per cent, of miss, and the oil authory, which island further 30 per cent. Not sales in 1684 amounted to	Spain 173 166 144 52 279 1 4.322 4.318 4.211 2.136 2.300	•
FF 1 19 4 million (C to 3 million) 1 1963 FF 95 Surfhon (GR 4 million))  (b) Manufactury Pacificas  Tolorwis has two Lacrype at Learns and at le Vacriswall, Souce, and a bond office pany the man plant		,
Tolerans pas two securgos at secreta entact to vactivent, south, and a boild office ober the main plant of Landing. The factory as to Vacotreum the Northof France, was bein as 1978—79, due to the strategic importance of powered customers in that area. Let Vandeeus produces only 210 hine-draws.	(ii) Operating profit is stated after charging: 0000 0000 0000 0000 0000 0000	•
(c) Management and Employees There are 121 employees beaded by M. Partick Doctoquoi (Managing Director).	Depreciation of langible fixed selects 1,079 1,231 1,142 1,205 1,278 Auditor's remuseration 78 22 412	
Toleras is affiliated to the Conventions Collectives do in Metallurgo and there is a workers'	The beaut of the charcestrated business are shown under "other capeting".	• •
representance mechanis. The Leaden beed office has a Commit d'Emreprise.  (d) Caserni Tolores has steachly incressed its unit sales with a commissently saudificiory gineemespie. In 1984 both	(80) Testation 1980 1980 1980 1980 1980 1980 1980 1980	1
mmi sales and tempover were increased and presuperal embedded budget by over 30 per cent. As one of the four major suppliers of channe in Passes. Tolerate is in a point on to take adventage of the opportunity to increase in states of the control	Sealpointers Correct toxation 1.363 1.353 1.152 806 1.057	-
Schmalenbach - West Germany	Deferred texation   360   222   217   4	2
(a) Produce and Sales. Scientific produces and Sales and unknod 210 here and microscious steel dward.	1.760 1.708 1.415 856 1,126	7
The dram mariors to Company at very compatitive being shared by about 18 Committee companies. The percentage of the collection companies and the collection of Schmalesbachts and the collection of	(br) Entraordinary terms 1984 1983 1982 1981 1980 Entraordinary stems comprise: 6000 6000 6000 6000 6000	B
13 per cent. (b) Masufacturing Facilities	Common financial factory — — (2.954) —	
A first to the Desilving plant in 1-by 1884 characted the normal manufacturing process but once the new machinery is in production Desilving will egoin produce next of the 210 hire drains. The other Sciony at Cennshapin was back in the mid 1870s close springer customers, and predominantly produces.	Surplus of fire insurance claim to Generaty over net hook while of fixed about clastroyed 2.263 — — —	C V
untermerhete drums.	2,263 — — — — — — — — — — — — — — — — — — —	İ
Instance pelicias covered from the danage caused by the fine, as well as business memorial for business memorial for business memorial for business memorial for business memorial for business memorial for business memorial for business and been received to be end of business files. The	Applicable tenation (1,182) 1,230	L
claims for rebuilding has been met in tall. There is a small element of undernamenance in respect of plant and dischinery and stock.	1,061 (236) — (1,737) — Increase a proceeds from the line insurance claim in Germany relating to current assets and to	
(c) Managament and Employees Mr. F. Lemann bolds the position of Cantral Manager; he heads up a staff and worldove of H6	business interruption of 1985,000 have been deal with in arriving at operating profit.	
employees. Foremen and of ministrative personnel and nome 40 per cent. of employees are membered trade major. Thereis also a tenthory complany Works Council.  (d) Constal	4. Combined balance sheets The combined balance sheets of the Director Businesses for each of the five years ended.	2
While the fire has characted the results by 1984, management hopes for a significant improvement in 1985.	31st December, 1684 are not out below:— 1984 1983 1982 1981 1980   1984 1980   1984 1980   1984 1980   1984 1980   1984 1985   1984 1985   1984 1985   1984 1985   1984 1985   1984 1985   1984 1985   1984 1985   1984 1985   1984 1985   1984 1985   1984 1985   1984 1985   1984 1985   1984 1985   1984 1985   1985 1985	. 3.
Fermus and Fermuse — Spoint (a) Products and Sales	Tengible squets	0.4
Until this year, Fernsa hex been the sole supplier of tin-plate cauchy the Spanish side-owned oil company. Other suppliers have telebrily been appointed and Fernsets sales to this commer are	Other investments (iii) 726 711 730 678 616 13,825 10,942 11,660 11,942 12,000	•
expected to be recisced substantially in 1995. This customer is, at present, the sole customer of Femile and controlled an interest of the charge in the customer of the charge in the customer of the charge in the customer of the charge in the customer of the charge in the customer of the charge in the customer of the charge in the customer of the c	Consultanels	- A
the profits of the European Businesses in 1965. It should be noted, however, that the contribution of Femas and its subsidiary Fembras to the comings.	Species (iv) 8,635 8,036 7,501 7,346 8,146 7,002 7,003 8,359 8,359 8,356 8,457 Cyther debtors mud prophymiculus 2,662 689 852 1,307 1,140	Z4
A should be poled, bevelver, out the commonword; emissions us substantly employed businesses historically has been low. In 1984, they committed less than 3 per cent. of the business profess of the text profess of the text substant less than 3 per cent. of the text profess of the text substant less than 3 per cent. of the text profess of the text substant less than 3 per cent. of the text substant less than 3 per cent. Of the text substant less than 3	Inser-group balances (v) 836 615 3,649 2,396 2,296 Bankbalances and cash 1,694 2,616 979 1,347 1,364	Đ
Formbasa manufactures 310 hire and insermediate so of drams and pails mainly supplied to the	21,872 17,297 19,331 18,905 16,383	Ro 20 Fa
petroleum and food sectors (olive and vegemble oib). (b) Manufacturing Facilities The main plant is in Bancalous plus four satellite screenbily plants installed in yellneries in the south of	Creditors: ancounts falling due within One year	•
Spain. A further plant in Soville became upoconomical and was closed in 1963.  1c) Employees A 31st December, 1984, Ferniss and Fernibase had 348 employees of which management estimates	Tracin creditors 4,324 3,635 4,995 5,919 4,054 Accounts 3,681 2,432 2,591 4,047 2,447 Interreptup belances (v) 143 12 4 5 392	T.I
At the opposition, for a present of the same and of the same quotient of the opposition and the same of the same o	Bankoverdrafts (vs) 664 525. 752 517 635 Correct portion of long-torm debt (vs) 352 380 450 530 504	90.
proceedly wage rates, are revised.  PART 2	Taxonico 692 357 252 235 334 Davadends 1,383	
ACCOUNTANTS REPORT  The following was copy of a report by Deloate Hasking & Sells, Charlested Accountants, which was	11,239 8,341 8,984 11,653 8,266	Ple
prepared in connection with the acquisition by Blagden of the European Businesses.	Met cummust assets   10,633   8,956   10,347   7,452   8,127	46 Ho
The Danoctors. 128, Queen Victoria Street, Bayden Industries PLC. Loaden ECAP QX	Deferred towerless 2,029 494 296 .51 783 Long-termidebt (vi) 1,391 1,339 1,665 1,853 2,130	Sch
16-18 Hetton Garcian, Logdon ECIN 8FJ Sth March, 1985	Provisions (n0 1,415 807 772 531 467 Hot names (nu) 19,636 17,258 19,272 16,969 16,739	A D
Geotlemen,	Capitaland reserves	***
Introduction     We report in connection with the proposed acquisition by Magden Industries PLC ("Magden") of carium micrests of the European continues division of Gay Investing International, line ("Chy") and	Combined sharp capitals 6,782 5,902 7,834 8,963 7,529 Reserves (ix) 12,735 11,536 11,536 6,772 9,016	
Rafing Inchrismes Inc., automitanies of City Investing Company.	19,557 17,160 19,160 16,835 10,645 Minorely Interests 99 96 112 94 94	0
The companion and the effective intexects therein to be acquired are.  TACL N.V. (TMT")  Such Nectorals Mensals are making the part of the property of the part of	19,656 17,58 19,272 16,929 16,739	W
Toleries Rhodamennes, S.A. (Toleries') Prance 100 per cent.  Ration Industries GmbH (Ration') West Germany 100 per cent.	Notes: 1984 (f) Tiergible fixed assets 5000 Cost—Land and boldings 5.350	ħ
Pabricacion de Envirez Metalicox, S.A. (Femisa") Spain 50 per cent. Femba, S.A. (Fembasa") Spain 60.9 per cent.	Con-Land and baldings \$300 -Machinery and equipment 14,648	. Of
Playmenton st-a 100 per const. subcudency of TMT. Relim is a partner use German partnership, August Schmalenbach Crobit & Co. of I (Schmalenbach), the other perman being a wholly owned	Accumulated depreciation 20,038	6.
subordary of TMT. Of the 60.9 per cent. unlesses in Fembers. 21.72 per cent. will be acquired direct, the remainder directly Fember 17.25 per cent. unertest therein. Neathor Fember nor Fembers and F	9,820	6.
Laborar Mile Leijer to sty the combanies spoke inclinding Schmissensecuf as the Emilian annual and	(II) Investments in valuated companies 1994	
The financial information set out below represents a combination of the results and not assets of the European Businesses after making all the adjustments we considered packagary for the inclusion of our report in the circular to the shareholders of Blagden in the detect 5th Marcia, 1985. The financial	At most access walker: Fermes and Ferminary. 2,527	
information is based on -	Accest plan share of retained sexplane  393	The
their residuand not assets in the commonwest accounts in City Inventory Company, and (a) the samual accounts of Ferrisa and Ferribase.	Cno of the related companies, Paylor Benefut S.A. included shore at \$1st December, 1694 at	16- 16-
This financial information has been reviewed to the following extent.—	E39,000, has been sold some that date realising a surplus of approximately \$250,000.	Ces
(i) That and Schmidenbach—me museum matrixed that December, 1963, this commination was of Machell & Co. (PMAC). For the four years existed 31st December, 1963, this commination was of lemied scope, releasing to the minorataon's inclusion in the audited consolicitied accounts of City Investing Company and PMM dictinot express a separate opinion on the amounts relating to TMT	Other investments include a 10 per cent. Interest to DPG N.V., a company is which City has a 00 per cent. discet interest. This investment has been add to Citylo the cost of \$710,000 amos 31st December, 1984.	Val
and Schmalenbach. (h) Planeths — the financial minomation has been suched by Peet Marrack Nederland for the five	(br) Bracks 1984 1000	per
years ended 31st December 1984. (iii) Tolemes—the financial information for the three years ended 31st December 1982 has not been	Raw materials and supplies 6,961 Whick is progress 2,349 Finalshed goods 326	1.
reviewed by PMM. For the year encoded and because a real secretariated appropriated Color	2835	
scope, relating in the information is grammen in the separate opinion on the amount relating to freezest approach on the amount relating to Tolories.  (iv) Femos and Fembaco — the francial information has been subject to a finished review which did	(v) https://group bulances https://group bulances represent the amount doe to and from other companies waters the City	2
not constitute an early	Investing Group, excluding the European Businesses.	
Because a certain part of the information has not been auchied and there was a limitation of the scope of the mint for all other companies except Plannetts, we are unable to form an opinion on the profits and source and application of funds of the Pumpers Russiana of the scot of the four years ended.	Borrowings-st 3 lst Documber, 1994 comprised:	3
31st December 1980 1981 1992 and project on area security but the financial information relation to	Back Johns and overdonite (secured E1 028,000) 1,897 Other Jours (secured £353,000) 500	4
Subject to any admissments that might have been nocestary but the financial information relating to Femas and Fembasa been audited in accordance with generally accepted endang stendards, in our opinion, the financial information set out below gives, for the purposes of the causalist to the opinion, the financial information set out below gives. For the purposes of the causalist to the	2397	р
obureholders of Bingden to be Cated for Peace. 1985 a year andod 3 in December 1984 and of their application of fineds of the European Businesses for the year andod 3 in December 1984 and of their	Repayable—mone year or less, or on demend —Braic overstrafts 654	Pro PER 82 F
stain of affairs at that date		Č
2. Accounting policies The following is a summing of the significant accounting policies used in preparing the financial information the European Businesser—	between two and five years 471 to five years or more 591	Gra
(a) Basis of accounting The financial information has been prepared on the hazartest cost bepared accounting		Cest Hos Base
(b) Turnover: epitacinis the amounts invaced to external customers during the year excluding sales Turnover: epitacinis the amounts invaced to external customers during the year excluding sales		
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	DELORTTE HASKES	C# 25172						ľ
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	Appendix IV  VALUERS' REPO	e s			ķī.	r& Compan	<b>y</b> .	
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20 15.739	<ol> <li>Inspectations with the facts and example are above, we hereby pertificial we are of the connect that the value of the real property areas referred to and core parametry described in gradient least in March, 1965, are fairly represented in the sums shown above.</li> </ol>
1980 1828 1970 1970	This certificate and valuation is for use only of the party to whom it is addressed and no grappendiality is accepted to any third party for the whole or any part of its constitution.
C.E 10224 207 (L.T.ET) (C.ET) (SAI) 762	We are, Centionen, Your tachidly for PAVERCAME S.A.
7.2 9.616	Appendix V GENERAL DIFORMATION
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libes	Ill and the Valoris Reports set out to Appendix IV, the Deroctors of Rayden, whose names and because appears of the Bog named, are responsible for the information contracted at the document relating to the former Bladten Group. To the best of the knowledge and
estrate	behalof such Directors (who have taken all reasonable care to exame that such is the case) such information is in accordance with the facts and does not omit anything lakely to affect the import of such information. The Directors accept responsibility accordingly.
381 1589 301 6290 136 2.330	Means Rick and Aeric, are responsible for the information continued in this document relating to City and the Emispean Businesses, but are not responsible for the professes financial planements, the Accountains' Reports and the Valuers Reports, save moths at the Accountains and the Valuers have
275 1,778 is (173)	reland on afternation supplied by Cuty Instatung Croup and their professional advisers. To the hear of the imported point before of Meccas Rick and Aerit (who have taken all reach nable care to ensure that each nathe care) such information is macroerdance with the facts and does not ensure mything likely in affect the imported such information. Meccas, Rick and Aerit accordingly accordingly
12 70 124 1382) 451 3.182	Delonic Riziona 5 Sella. Charreved Accountants, who are the auchinas of the farmer Bagden Craup.  are responsible for the Accountant's Report set not as Part 2 of Appeador III and the proforms favorual
	especiments set our in Appendix I which have been prepared on the basis described therein. To the logs of this knowledge and behalf of Deloino Hastians & Salls (who have taken all sourceable care to ensure that such is the case), the information consisted in the Accountants' Report and the pro-formal financial statements usin accordance with the facts and close not omit anything likely to affect the
142 EK 184 E19	import of such adarmation. Deloute Haskins & Sel's accept responsibility accordingly.  Imp&Company. Chartered Surveyors, and Investment S.A. Surveyors. Valuers and Commercial Property Consultants, are temporable by their respective Valuers. Reports, which have been
3.622	prepared on the bases described thorem. To the best of the knowledge and behof at King & Company and involvements. A twin have taken all reasonable care to entire had such at the care), the submission contained in their respective Values. Reports on a secretaince with the least and does not
E37 834 436 570 E53 676	mmi anything bloby to office the import of such information. King & Company and Invercine S.A. accept responsibility accordingly.
68 36 55 —	Working capital     The Developed Business are of the openion that taking into account back and other lumines available, the new Blayden Group has actioned working capital for impresent requirements.
367 2.562	Lingation     Europa assisted below, neither Blagden nor any of its subsidiance it required mor firestaned with any legical architector proceedings which may have, or have had, during the previous 12 morths, a
913 74	arguments effect on the new Blooden Group's hazard position and ne such legal or arbitration proceedings are known to the Directors of Blooden in the pending or threatened agreest Blooden or any of as substantianes.
525 1.040 037) 616	On 29th January, 1985, a resolution was passed at a meeting of Fernsa's startcholders to delete the provinces in Fernsa component matter, group, startcholders pro-emption nights in the event that any
599) 1,790 (31) (585) 160 (63)	of the search chares of Ferma are offered for sale. The logal representatives of some chare holders have the chared logal proceedings in respect, inter also of the deletion of such procured no certain grounds relating to the acquisition by City Investing Group of shares in Ferma and to stain an indemnity from City and, possibly, Blayden, to case that might affect the late to the shared appropriate by
160 (85) 550) 1,060	Blagden, Cny hat agreed toucieronly Blagden as explained in paragraph 4(kg) below and, in addition, basegreed toucieronly Blagden as explained in paragraph 4(kg) below and, in addition, basegreed to place £1.65 million in a temperary just deposit account penalog clarification of the position.
	4. Material Contracts and main investments (i) Material Contracts amee 21st March. 1983.— The following contracts (not being contracts entered into in the endmary course of business) have
	been entered into by the new Blagden Comp wiftin the two years mmechately preceding the date of this document and are in may be material.  (a) Agreement dated 27th Fabruary, 1894 between City (1) and Blagden (3) for the sequential.
	by Blagden of City's 42 per cent interest in Rheem Blagden Limited for 2,556,000 Ordenary Shares and 1,131,000 A Ordenary Shares (b) Agreement dated 5th January, 1984 between Mr. and Mrs. D. R. Taylor and others) 1] and Rheem Blagden Limited (2) for the acquesions by Rheem Blagden Limited of the whole of the
ompany. ed Sarveyora	Rheem Blagdes Limited (2) for the acquestion by Rheem Blagdes Limited of the whole of the struct share depicted. If, Taylor & Sono (Drinn Reconctinuous) Company for 1312,495; (c) Agreements claim for March, 1965 one between Cuy (1), Rahm Inc. (3) and Blagdes (3) and Blagdes (2), and an anticoding letter of agreement dated the other between Cuy (1) and Blagdes (2), and an anticoding letter of agreement dated
ECIA 2DL	20th March, 1965, for the acquisitors by Blagden from Cry and Robm Inc. of the European Businesses as described herem. Since City Investing Croup is in the process of disposing of all to assets and will good complete its voluntary legadation, the warranties in the
h, 1986	Agreement do not endure un respect of claims ionified after completion of the acquisition and on such claims have been notified. City has, however, agreed to indemnity Blagden for loss arising from the threatened proceedings relating to Feinca and Feinbasca mentioned in
m	pangraph 3 above in respect of any claim notified to City by Blagden before 6th September, 1965; (d) Agreement dwird 6th March, 1965 between City (1), Blagden (3), the Directors of Blagden (3) and Robischilds (4) for the sale by City to Robischilds of City's holdings of
darles, use, othe rai tides, and	1.131,000 % Cardinary Shares and 3,823,000 Cardinary Shares in Risgions and the placen jot such shares by Rothachilds and hir the sale by City to Rothachilds of the 14,000,000 new Ordinary Shares and the Office for Sale of such shares by Rothachilds to the public by tender
A phogra	as déscribed in paragraph 14 of fluis Appenduc (e) Letter disted lat March, 1985 from Rothschulds to Blagden offering Blagden a long-term loss, faculty of £9 million (or us-equivalent in other currences) repayable by succeptal semi-
n accordance stactice, and	annual instalments, each of one-tinth of the amount of the factiny drawn at the close of businessus 30th Apol, 1866 training on 31st August, 1987 with final repayment being on 28th February, 1880 in an inserted zone of 4 per cent, above London Interbank Offerred Rate;  (f) Agreement duted 5th October, 1884 between TMT (1), Societé Continentable Parker (2) and
hough we adeleterious	Chemical Gold for the sale by TMT to Societa Commontale Parlocal 250 registered https://doi.org/10.1006/10.10
merket value I land only for a continuation	City of Sodeprometry 10 per earn, interest in DPG N.V. and other minority holdings for BF222000.  (ii) The billowing are the main investments made by the new Blagden Croup since 21st March, 1962—
d easing use	<ul> <li>(a) purchase by Blagden of City's 42 per cent, internet in Bheem Blagden Lumbed, particulars of which are given in ((ii) above; and (iii) and (iii) a per cent, internet in Bheem Blagden Lumbed.</li> <li>(b) purchase by Blagden of the European Businesses from City, particulars of which are given in</li> </ul>
1,275.000 FF	this document.  5. Directors' and other interests (b. Shares
	The present interests of the Directors of Blogden, locksting their family interests; in the ordinary share capatal of Regiten, as required to be directored by the Companies Act 1962, as amended, are as information of the Companies and the Compani
1,125,000 FF	Percentage of colory Share: held* oxiony share
	### ### ##############################
30,000,000 BF	D.R.S. Waltie Messay, D.T. Willdmon, R.J. Buckland, E.J. Bagley, M.J. Watcher, J. V. Risk, and M. Acrts and their respective Lambes have on menests Chenefical or non-beneficial in the share capsal of Blooden.
	Save ar discissed below, the Darentons of Blagden are not aware of any person who is directly or indirectly interested in live per bein, or more of the issued share capital of Blagden.—  Percentage of
1,000,000 FI	enlarged issued ordinary share Criticary constal of Shares bek?* Blogdon*
	Britannie Assurance p. Le.  "The injerectrishown above do not include any shares which may be allotted to the Directors or Patamile Assurance p.l. a pursuant to applications by them under the Otler for Sale.
1,603,000 DM	(ii) Service contracts of Directors of Blagden. Except for the contracts, details of which are set out below, no Director of Blagden has a service contract without member of the new Blagden Group (exchading contracts expering or determinable by the exploying company without payment of compensation (other than standary)
	determinable by the employing company without payment of compensation (other than statutory compensation) withmone year and those proviously made available for interestion in connection with the last Aumaid General Mccenng of the Company and not subsequently varied) nor is any such commant proposed.—
E50,000 (204	Explry Annual   Date   Salary   R.  Buckland   31,1089   S3,000
e of the mbcd.in this	E.J. Bagloy 31.10 89 532.304 D.R.S. Walde 31.10 89 530,300   Alores
op .	All contracts are with Blagden except for that of D. R. B. Walde which is with Kheom Blagden Lumied.     All contracts grant, men also, the following additional benefits:
ereiomey be ly without the	(a) membership of the Blagden group pension and life assurance scheme and prolonged dissolute scheme; (b) feelih usummer, and
nen, nily, COMPANY.	(c) Car.  Tognization of all commets may be effected by either party giving twelve months' nobob engaing after the emptry date.  The employer may terminate estimately for cause.
ternacional.	(iii) Interests of Discount of Blagden in contracts Except as specifically stated or Discount of Blagden has any minerest in any transaction which is or was unusual in its Bahme or concluous or significant to the bismess of the new Blagden Circup, and which
	(f) was effected by any member of the new Bingden Group during the current or manedately proceeding financial year, or (ii) was effected by any member of the new Blagden Group during as earlier financial year; and remains in any respect outstanding or imperformed, except for Mr. Mr. Mr. this is President of Cary and who consequently has an interest in the Agreements referred to to
	paragraphs 4() (a), (c), (d) and (g) above.  B. Aggregate remoneration of Directors
2005 1120	The aggregate retromeration pand and benefits in kind gramted to the Direction of Blagden by the former Blagden Group for 1994 was £294.783. In addition to the above emoluments consultancy feet of £5,530 were paid in a immed company in which a non-executive Director has a majority interest.
anes, uso, he al mies and	In consequence of the acquisition of the European Businesses at its proposed that Mr. M. Aerts be employed under a contract exputing or determinable by the employing Company without payment of compensation (other than sixtuarry compensation) within one year and it is expected that the total
or aposa	emokuments reconstable by the Directors of Blagden will be increased meaninequence by an amount not exmending \$50,000.  7. Constrail information about Blacden and its capital
occurdance occurdance occurdance	Ringden's primarpal objects are set not in Chaose 4 of at Memorandism of Association, and may be immerced as being to manufacture expert, import buy, self, clean, and secondism drains and accomplished and the production of structure of any points, broaders greatly in the production of structure of any points. broaders greatly the production of structure of any points.
lekstepous 1	temort, argont and buy and sell places mouldings, chomicals and industrial protective clothing and enuments to be chemical, olocitical, mechanical and general engineers and contrastors and also to be the hidding company of companies carrying on or engaged in the above. The full text of the Memorandum of Association is available by impection in accordance with paragraph 10 below
nariet sake land only for continuation	Memorantism of Association is available by impection in accordance with paragraph to below  Biogdon was interportated in Englandon Bib December 1901 and purely bringled prography inder the
elichiny use	Companies Acts 1986 in 1917 operance a puncer company on 15th Lebestons: 1904 and 1917 operance act apolic company under Section 6 of the Companies Act 1990, on 3rd March. 1992. Blagden is registered with the Requisit of Companies for England and Wales with number 178227 and operance under the Companies Acts 1945 to 1993
599C 000 Pm	8. Share Carpital
	(a) Bit as Extraorchinary Ceneral Weeting of Biograph hald on 12th April 1994 Inter abit — (b) the authorised charge capital of Biograph was increased to 24 750 000 checked into 17 869 000 (c) the authorised charge to 123 000 A New Vehicle Contrary Shows of Charge to 123 000 A New Vehicle Ch
127 000 Pps	the Directors' anthornly relating to the allotment of relations securities pursuant to Sociatin. 4 of the Companies Act 1980 was varied and renewed so as to extend to the whale of the unpassed share capital at the conclusion of the Majeting (being £2 0sf 674) and to expire on
168 (UI) Pis	1 1th April 1988 (3) the provisions of Section 17 of the Companies Art 1980 were disamplied in relation to the same amount of massived share original as to mentioned in (2) above for a period exprining at the conclusion of the past Amount General Meeting of Elogidea The effect of such
	disapplication in that under the Articlet of Association of Biogram the Directors of Biogram pay elicit equity securates (an defined for the purpose of Section 17) for cash purmann (a) o a notice usure (as therein inclined and also (b) to pay person, if in the case of (b) the total
0094 000 Prs	a nights issue (as increase arease a mar year (other than for an Employees Share Scheme) do no

30

exceed in commal value 5 per cent of Blagden's authorised share capital on the day

following the commencement of the year.

A ten Europardinary General Meeting of the Company held on 23nd March, 1995. Inter all a —

(1) the authorised share capital of the Company was increased at \$8,500,000 devided into 34,000,000 Cedisary Shares of 25p each (the /k Non-Young Chinary Shares referred to show having all been converted into Ordinary Shares on 8th March, 1995), accompanion with approval of the acquisition of the European Brisnesses.

(2) the Directors' authority referred to in (a+2) above was varied and renewe the II. 178,424 in normal value of Ordinary Shares, which remain unissued following completion of the acquisition of the European Businesses, and to expire on 21st March. 1997. As a result of such variation the disapplication referred to in (a),(3) above also now extends to

fier all numers of the new Ordinary Shares. 13 9 per cent. of the authorised share capital of Elagden remains unusued. Whits the Directors of Blagden have on present invention of issuing any shares in Blagden, the availability of authorised but unusued shares will provide feasibility take advantage of any opportunities that may arise. Revertheless, no issue will be inside which would effectively after the control of Blagden without the prior approval of shareholdess in

Riseom Blagden farmied: On 8th March, 1985 the 1, 131, 000 ¼ Non-Voting Ordinary Shapes of 250 each experience conversed to 1, 131, 000 Ordinary Shares of 155 peach. On 25pd March, 1985, the asset distinct expend of Blagden was uccreased to 27.231, 576 by the allotment of the 14, 550,000 new Ordinary Shares

The 14,950,000 new Ordinary Shares the subject of the Offer for Sale were allowed on JOnd March.
1995 pursuant to a resolution of a committee of the Board of Descency of Blayden passed on that day
and on authority of the share-folkers of Blayden pursuant to Section 14 of the Companies Art 1990,
originally granted on 12th March, 1982 and subsequently varied and retrewed on 12th April, 1984 and

All of the issued shares in Blanden, except the new Ordinary Shares and the 1,131,000 Ordinary Stages which were converted from % Non-Voing Ordinary Shareson thi March. 1985, are already lated on The Shock Exchange although that listing that present suspended as explained in "Background to the Office for Sule" at the beginning of this doctoment.

(iii) Preferential Subscription Rights The provisions of Section 17 of the Companies Act 1980, which would otherwise con-The provisions of Section 17 of the Companies Act 1990, which would otherwise confer on Shareholders rights of pre-cription in respect of the allotiment's equity secturities which are or are to be, paid up in cesh, here, as explained above, been dispaphed to retain to the authorised but assisted state capital of Blacquer However, incentifications such disapplication, the continuing obligations for listed companies require that in the absence of special Stock Exchange dispensation or the approval of Orchinary Shareholders in Conerol Meeting, further extracted equity securities for cash as mentioned above, apart from the limited amount of equity securities which can be allotted to any person for cash any year or which are to be held under an Employee Share Scheme, the Directors' power to allot equity securities for cashs restracted on a right securities which can be allotted to Blagdon's Archest of Association which, subject to the limited exceptions there mentioned, involve any equity securities allotted for cash being offered to the holders of the Orchinary Shares on a provide basis. The new Ordinary Shares hearing offered for the are not subject in the preferential subscription rights mentioned above at they were not allotted for cash. However, Shareholders with registered addresses in the U.K., who were on the register of members at the close of business on 30th March, 1995, are being offered certain preferenced purchase problems exclusives on preferenced purchase problems exclusives and the close of business on 30th March, 1995, are being offered certain preferenced purchase problems exclusives and the close of business on 30th March, 1995, are being offered certain preferenced purchase problems at the close of business on 30th March, 1995, are being offered certain preferenced. (tv) Variation of Rights and Share Carolini

The rights attached at any class of share may be varied, modified or abrounted with the con-The rights abacted at any class of share may be valued, modified or abroquited with the consent in writing of the holdern of not less than three-fourths at nortinal value of the issued shares of the class, with the sanction of an extraordinary resolution passed at a separate meeting of holders of the shar of that class. Blacket may, by ordinary resolution, increase its share capital, after the normal amor of each where and cancel unasceed shares. Subject to the sanction of the Court, Blagden may by special resolution reduce its share capital. Blagden may exercise any powers conferred by the Companies Act 1981 to purchase its own shares and subject at the provisions of the same Act may usue shares on forms that they are in be or may be redeemed.

tomally, to be put under option. The Orrectors of Blagden irrend, however, to seek locations approved at the Amusil General Meeting to be held on 3rd May, 1985 for a Share Option for genuer exceptives, it multieded that the Schome will be submitted to the Board of Inland.

Under the terms of the proposed Executive Share Option Scheme, senior executives may participate in the Scheme at the discretion of the Pourd. The Scheme will involve a participate to the contract the force option to outbramble for Ordinary Shares of the Company at the higher of the contract value of an Ordinary Store and the market price of an Ordinary Share and the interest proposed on an option and a participate may in normal curcumsuances, only be exercised after the third anniversary of their quant and a participate may not be granted options under the Scheme the total subscription prices for all share entrolled to him under options granted to him under the Scheme would enceed four times his entitlements. The maximum consideration for the grant of an option will be £50 repoyable to the even that the ordinary is not such exercises.

The instruming number of Ordinary States which may be issued or be capable of being assed under the Scheme will not exceed 5 per cent of the total Ordinary Share capatal of the Company from time to true to issue in addition, not once than 5 per cent of the Ordinary Share capatal from one to make a second programmer of the programmer o

with the introducious of the Salassa.

(vi) The New Ordinary Shares, the subject of the Offer for Sale, will be represented by The 14,950 000 new Ordinary Shares, the subject of the Offer for Sale, will be represented by documents of title which will be remonable, maccordance with the instructions printed on a documents, until 17th May, 1995. Thereafter they will be entered on the register of members of the southern and transferable only by instrument of transfer complying with Blagdeins Articles of the southern and the transferable only by instrument of transfer on the transferable only by part shares.

The curcular seeking Shareholders' approval for the Executive Share Option Schemo referred to m (v) above will not be sent to persons embled to new Orchinary Shares but a copy of the curcular may be obtained after 10th April, 1996, by written application to the requirement office of the Company at 16-14 Harino Carden, Lopdon EC (1997). The new Orchinary Shares will not however earnis such persons to attend or vote at the Annual General Meeting at which approval will be sought for the Executive Share Carden as at the suit as a basis have been reconstructed the large of the same reference to the same for the same reference of the same for the same reference of the same reference of the same reference of the same for the same reference of the same reference of the same reference of the same reference of the same reference of the same for the same for the same for the same reference of the same reference of the same for the same for the same for the same for the same reference of the same for th

Printercal and trading position since 30th December, 1994
 Save as decised berein, there has been no agrificant change in the immediator trading position of the new Blanden Occupance 30th December, 1994, being the date of the latest published and red

counts of Blaoden for each period of twelve months from 31st December, 1979 to 30st abor. 1981, have been audired by Delbine Hasking & Sells, Charrered Accountings.

The financial information contained herein regarding the Company and its subsidiaries do consulté full accounts for the purposes of Section 11 of the Companies Act 1981. Full audite consolidated accounts of Blagden and its then subsidiaries have been delivered to the Reg

Companies in respect of the five years ended 1st January, 1984. Pull accounts of the Company and its then substitutines for the year ended 30th December, 1984 have not yet been delivered to the Requisitor of Companies but have been prepared and audited and are available for inspection as stated in participant 16 below. Unqualified audit reports within the meaning of Sections 43 of the Companies Act 1980 have been given in respect of all of those full accounts. In a expected that the occounts for the year ended 30th December. 1984 will be desputched to registered Stareholders on 10th April. 1995. Successful applicates for states pursuant to this Office for Sale will not be sent the accounts unless a written application inmade to the registered office of the Company at 16-18 Hatton Garden, London ECTNSET after 10th April. 1985.

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> Bladden unor required to withhold air at source when paying a dividend but is required to accide the inland Revenue for advance corporation to: ("ACT") of a rare which is currently 37/this of the dividend of the Corporation to: ("ACT") of a rare which is currently 37/this of the dividend dividend of the Corporation to the dividend received by the mot an amount equal to the ACT pend by Slagden and attributable to that dividend received by the mot an amount equal to the ACT pend by Slagden and attributable to that dividend are corporated by the mot an amount equal to the ACT pend by Slagden and attributable to the dividend at the di includinal Shareholders may be liable at higher rates of months to the local of the divisional are tax credit. But the lax credit statistics any liability to basic rate can in temperate that botal and will ent such Shareholders to a repayment of say from the Inland Revenue in the gatern that, because of personal allowances or other reliads, there must hability to tax on this total U.K. resident corporate Shareholders will not be hable to corporation fag on dividends received and they may use the fax credit to set against their own liability to account for ACT on dividends declared by them.

> Spaceholders who are readent outside the U.K. may be estatled to a payment from the Inland Revenue of part or allot the tax credu. Thus depends upon the provisions of the double tax convention or agreement which coasts between their countries and the U.K. Persons who are not resolvent in the U.K. should consult their own has adviseds on the possible applicability of such provisions, the procedure for element to have the provisions of the possible applicability of such provisions the provisions.

12. Principal establishments
The following comprise the new Blagden Group sestablishments at the U.K. which account for 10 per cent or more of net furnitives or production of the new Blagden Group .....

Freebold microst in 4.2 acrost of land and buildings at St. Vincent Worlds. Silverthorne Lane. Bustol BS2OQF.

Freehold interest in 11 acres of land and buildings at Piperell Way, Hisverbill, Suffolk CR98PH Leasehold microst at 6,800 square feet at A.M.P. House, Durgwell Road, Croydon CR9 3QU expirms on 24th March, 1983, currently st.an animal rent of 256,300 per animan.

incipal subsidiaries and associated companies of Blagden way as a let of the principal subschanes and esociated companies of Elegden, their id offices and other details, not included in the list in paragraph 6 of Appendix II.

Containers BELGIUM TMT (99.21%) TMT (59.21%) Industrieweg, 20-9030 Gem-Woodelgam. Belgium Verstraete (59.84%) Schaopbruggestraat 37, 8910 Roesslure-Rumbelos, Belgium FRANCE (99.21%) Steenbergseweg, 42.4651 RH Halsteren, Netherlands DFI 1.050.000

Requiremed Office or Business Address: Auf der Hohe, 20-4100 Deisburg 1, Germany Auf der Hohe, 20-4100 Deisburg 1, Germany GERMANY DM 50'000 DM f300'000 Ratin Ombi DSP (99.21%) ar/AUN Femsa (50.00%) Fembasa (60.9%)

All charge in the above companies held by members of the new Blagden Group are fully paid ancept for DM 15,000 psychie by TMT at respect of the share capital of USP.

sed from City, subject in admission of the new Ordinary Susperio the Official. Rediscribles has purchased from City, subject traditions on the new Ordinary Status to the Ordinal Last, the new Ordinary Shates which are the subject of this Offer for Sale, for a purchase considerance of 10kp per share. The shateware being offered by sale at a minimum broker price of 10kp per share. Rediscribed will pay underwriting commission of 1 kp per cast, on the minimum burder price, byokasis fees and up to 175,000 of the direct expenses relating to the Offer for Sale.

No experies of the Offer for Sale are being charged specifically to a subscriber or purchaser under

The amount of the charges relating to the Offer for Sale (inclinding shore relating to the acquisite European Businesses) payable by Blagden in estimated to be not more than 1880,008.

Rothschalds has given and bas not withdrawn its written content to the issue of this documentation of the references at uself in the form and content to which they are included.

ome Hastons & Sells have given and have not withdrawn their written consent to the same of this timent with the inclusion of the Accountains' Report and references thereticand to themselves in est in which they are included.

King& Company and Inversame S.A. have given and have not withdrawn their witness con-issue of this document with the inclusion of their respective Valuers' Reports and the referen-theneto and to themselves in the form and content to which they are included.

16. Documents available for interpection.
The billowing documents or copies thereof may be inspected at the officerof Theodore Godding.
Co. [53] Marting-16-Geard, London, ECLA 4E] and (in the case of times of the documents ments of (in) below which describe the terms and conductors of the operations relating to the acquisition of European Rusmesses from City Investing Group) at Blacker's requirement office during nounted European Rusmesses from City Investing Group) at Blacker's requirement office during nounted European Rusmesses from City Investing Group) at Blacker's requirement of Blacker's re

(ii) the audited completated accounts of Bagden for the financial years extend a 300 December 1994: (iii) the material contracts referred from paragraph 4(i) above; (iv) The Director's service agreements or memorands of the serms thereof referr

o(u) above.

(v) the Accommunit Report and Statement of Adjustments,

(vi) the Valuets' Reports and

(vii) the letters of consent referred to in paragraph 15 above.

Detect 32nd March, 1985

### **Procedure for Application**

### GUIDANCE NOTES FOR APPLICANTS

14,950 000 shares are offered for sale by render and will be affocuted in the following way.....
(a) at least 9 000 000 shares are reserved for allocation at the riginium lender price of 112 pper share. Of these 9,000,000 shares, 4,900,000 may be allocated to meet preferential application.

from existing Blagdon shareholders.
(b) not more than 5.950,000 shares are reserved for allocation at a price of 113p per share or more

Accordingly, two application forms are attached and either or both may be used ....
Form A is for use for applications at a price of 112p per state Communium tender price
accordings? Form B is for use for applications at a price of 113p per share or more ("higher price

Applications may be made on either or both forms, to the applicant's choice, but Rothschilds reserves the right as street to paragraph 7 of "Procedure for Application" below to reject or soule down any application, in whole or in part, regardless of the application price and in personal multiple or suspected multiple applications at any one price are lable to be rejected.

Full details of the procedure for and treament of applications are set out in "Procedure for Application" below, in which your attention is drawn, but the following potous may essist appli selecting which application forms a sistingst — (1) Segregation of the 14,950,000 shares offered between the fixed price portion (et 110p) and the segregamming the 14,550,000 startes offered between the foned price portion (of 112p) and the tender price portion (a 113p or incher) is intended for those applicants willing to pay a higher price per stare in order to amprove their prospects of securing the exact comber of chines applied for Conversely, those applicants who wish to secure shares in 112p each but who are willing to accept the possibility of syndicate scaling down of applications or of being trisuccessful gray prefer to make maximum tender price applications.

Insuccessful may prefer to make managing tendor price applications.

(3) In the event clover-rule common the Offer for Sale as a whole, and with higher price applications exceeding the 5 950.000 shows reserved the rector, the Stribung Price for higher price. applications will be the highest price at which the 5,950,000 staires (or a lesser convenient number) are once govered by valid applications (at or above the Sinlong Price). Under such

(a) applications are alrow the Statistry Price will be allocated to full (subject to a ballot of excess applications, made at the Enricory Price and to the right to scale down large applications of necessary to not less than 150,000 shares at snopthy allocation). All such allocations will be at the Statistry Price.

(b) applications below the Striking Price land any at the Striking Price balloted out or scaled down) will be treated as applications at the minimum tender price. These, together with the price of the price of the price. causes will, if successful, receive 8 reduced allocation, at the

perminant tender price applications will if successint, receive a required another manufactured another price of 112p per share.

(3) Ethe Offer for Sale as a whole sower subscribed, but with higher price applications being for 5,950,000 shapes or less, the Striking Price for such higher price applications will be 113p and all higher price applications will be 113p and all higher price are not applications will be accepted in fail.

(4) If the Offer for Sale as a whole is under subscribed, then all applications which are accepted in whole or in part will be accepted at the manufacture price of 112p.

As a result of this allocation procedure, applicants wisting to increase the bless allocation are ma position to do to by making higher price applications.

### PROCEDURE FOR APPLICATION

1. This Offer for Sale is made on the basis of English Law, by which all contract applications hereunder shall be governed. No person receiving many territory outside the United Kingdom a copy of this Otter for Sale and/or any Application Form(s) may treat the same as constituting an investion to but nor should be many event use any such Apparation i cure turns or relevant territory such an iovitabon could lawfully be made to hum without compliance with any institution or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application berefunder to satisfy lumined as to full observance of the laws of the relevant territory in consection therewith, including the obtaining of any government or other consensure or other consensure or other consensure or other consensure or other than the compliance with other necessary formalities, and to pay any transfer or other consensure or other consensure.

Applications must be for a minumum of 100 shares and thereafter for the folior phases:

Applications
for up in (.000 shares
for over 1.000 shares
for over 5,000 shares
for over 5,000 shares
and up to 10,000 shares
for over 5,000 shares
and up to 50,000 shares

3 Applications must be made on eather or both of the accompanying primted Application Form(s) or, to the case of Shareholders in Blogdon, on the Pink Preferential Application Forms mentioned below, Form A time the used for applications at the inflation winder price of 112p per share and Form B must be used for applications at any faginary price per share, which must be a whole imaking of 1p. Photostal copies of Application Forms will not be accepted.

with requisered addresses to the U.K. who were on the requiser of members at the close of business. 20th March, 1969 up to a total of 4,500,000 shares if made on the special Pink Preferential Application s") made available to them. In the event of valid applications from such reding that total, the basis of allocation among them will be decided by Rothschild: To beld as shown on the register of members at class of business on 20th March, 1995, and all applications for Jess than 3-three for every 10 field will be allocated at 10th. Shares said pursuent valid applications for Jess than 3-three for every 10 field will be allocated at 10th. Shares said pursuent valid applications to push forms will be sold at the munium tender price. Rottechalds may, at the absolute discretion, treat applications on push forms, to the extent insuccessful, as another accounts.

All applications trust be lodged with National Westminster Bank PLC, New Issues Department,
 P.O. Box No. 78, 2 Princes Street, London EC2P 7BD not here than 10 a.m. on Timesday, 38th March.

For office use only

1965. Each application must be accompanied by a separate checkle or bunder's draft (drawn in sterling on a branch in England, Scotland, Wales, Northern Izeland, the Chesses Islands or the Isle of Man, of a basic winch as eather a member of the London or Scottash Clearing Houses or which has arranged for as cheques and basicer a drafts to be cleared through the facilities provided for the members of drose Clearing Houses and which must be best the appropriate sorting code in the pull-hand corner). Cheques or banker's drafts must be made payable to Trahonni Westminster Bank!

8. N. M. Roberchid & Som Lamned reserves the right to matrice National Westmanser Bank PLI prosent all cheques and harber's dealts for payment on receipt and at retima Letters of Acceptation striptics application moneys personny clearance of successful application from some superior and bank draft. Due completion and defervery of as Application Form accompanied by a Cheque will consider a warranty that the cheque will be honoured on first presentation; attention is drawn to the check in the Application Forma to that effect. Applications will be inneventable until 4th April, 1985.

ged below, walled applications will be accepted on the following (a) If applications are received for 14,950,000 shares or more and applications in process of 113p per given and above are for more than 5,950,000 shares, the following allocation procedure will

5500,000 shares (or the nearest letter convenient number of shares) will be sold at the linguist price (the Striking Price?) at which sufficient applications (including application higher prices) are precised to cover 5,050,000 shares for such nearest convenient number subject to (v) below, all applications at prices above the Striking Price will be accepted

hillar the Striking Price; should there there is no sold at the Striking Price explorerated to statisty in hill all applications at the Striking Price, a ballot will determine which applications at the Striking Price, a ballot will determine which applications of the Striking Price shall be accepted in hill at the Striking Price and which

(a) applications if any, at prices (a) applications, if any, at prices (b) applications if any, at prices (b) applications are price and applications at the enterties whe Striking Price but above the minimum tender price and applications at the enterties assisted down under (v) below will all be deemed to have been applications at the timmum tender price, which are wholly or partly accepted, will be accepted in the minimum tender price, which are wholly or partly accepted, will be accepted in the minimum tender price.

112p per share and in all cases may be subject to rejection or scaling down at the caseroom of Bothschilds.

(v) now intricated the kinegoing, the right is reserved to scale down to not less than 150,000 shares any applications or more than 150,000 shares that is made at or above the Striking Price. Such acoling down will be at the discretion of fortischilds but will be governed by the objective of avoidance or restaurou of the need to ballot applications at the Striking Price.

1) Bapplications are received for 14,950,000 sharesor more but applications at prices of 113p per share and above we for 5,550,000 sharesor less.

(i) all applications at prices of 113p per share and above will be accepted in full at a Striking Price of 113p per share.

(ii) all applications at the minimum tender price, which are wholly or partly accepted will be accepted it the minimum price of 113p per share but may be subject to rejection or scaling down at Rothschild's discretion.

3) Bapplications are received for 14,950,000 shares or less all applications which are accepted (prespective of application price) will be accepted in full at the minimum tender price of 112p per share.

A CONTRACTOR OF THE PARTY OF TH

(d) In addition, Rothschilds reserves the right to reject any application or scale down any application at or deemed to be at the minimum tender price to whole or in part and will have craptices discretion in deciding the basis of allocation under T(a)(m), T(a)(m), T(b)(n) and T(c) and the conduct of any ballot under T(a)(iii) above. Save as almost and awa as referred to in T(a)(iii) and (v), all applications at or above a Smiting Price of 1 (3) or more will be accepted in fail. Multiple or suspected multiple applications at or (a) in (a)(iv) or (c) above) deemed to be to the minimum tender price are labely to be rejected as are tuningle or temperated undiple applications at any one price above the minimum tender price.
(e) The Striking Price and the heavy of allocation will be amounted on or as soon as possible after Pridsy. 28th March. 1985. (d) In addition, Rothschilds reserves the right to reject any application or scale do

8 The Offer for Sale and acceptance of applications will be conditional upon new Ordmany Sharet Bargles being advanted to the Official Last of The Stock Enghange and later than Yolk April, 1985. Dealings are expected to commence on and April, 1985. Money paid in respect of applications will returned by cheque dimough the post at the applicants' risk writtout interest if such condition is not Dealings are empected to commence on 3rd April. 198 returned by cheque through the post at the applicants satisfied and, in the meantime, will be retained by Nat.

9. If any application is not accepted, or is accepted for fewer shares than the number applies made at a price higher than the price at which it is accepted, the application moneyour the lot thereof, as the case may be, will be rearried by cheque through the pose, in all cases without it is expected that Letters of Acceptance will be presed to successful applications on and April, about the notes that all cheques and documentaient by post in connection with the Offier for be sent at the risk of the persons entitled thereto.

10. Letters of Acceptance will be remainerable up to 3 p.m. on 17th May, 1995. The stores now being offered for sale will be required free of store that and registration feet in the names of the parchases of persons in whose layout Letters of Acceptance have been renounced, provided that, in the case of remainistant. Letters of Acceptance duly completed in accordance with the instructions contained therein are before different order before 3 p.m. on 17th May, 1985. Stare conditioners will be issued on 14th june, 1986.

### AVAILABILITY OF THE OFFER FOR SALE

Copies of this Offer for Sale with Application Forms may be obtained from:—

L. N. M. Rotinschild & State Limited, New Court, St. Switter's Lane, London ECIP 4DC. and from as branch to Manchester, 3 York Street, Munchester M22AW

p

2. Scrimgeour, Kemp-Gee & Co., 20 Copthall Avenue, London EC2R 7/S

3. Blagden Industries PLC, 16-18 Nation Cardian, London ECINSF3

National Westminster Bank PLC, New Issues Department, P.O. Box 79, 2 Prairies Street, London EC2P 2BD

5. National Westminster Bank PLC, Registrar's Department, P.O. Box 82, 27 Broad Street, School BS9670H;

### FORM A

Applications for:

up to 1.000 shares

APPLICATION FORM AT THE MINIMUM TENDER PRICE OF 112p PER ORDINARY SHARE

thereafte This Application Form, when completed, must be lodged with or posted to National Westminster Bank PLC, New Issues Department, P.O. Box No. 79,

2 Princes Street, London EC2P 2BD together with a cheque/banker's draft, representing payment in full at 112p per share, so as to be received not later than 10.00 a.m. on Thursday, 28th March, 1985. Photostat copies of Application Forms will not be accepted. A separate cheque or banker's draft most accompany each Application Form. Cheques and banker's drafts, which must be drawn in sterling on a branch in England, Scotland, Wales, Northern Ireland, the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and banker's drafts to be cleared through the faculties provided for the members of those Clearing Houses and must bear the appropriate sorting code number in the top right hand corner, must be made payable to "National Westmuster Bank PLC" and crossed "Not Negotiable—Blagden". No application will be considered unless these conditions are fulfilled. All cheques and banker's drafts are liable to be presented for payment on receipt.

### **BLAGDEN INDUSTRIES PLC** (Registered in England Number 178227)

100 shares

Offer for Sale by N. M. Rothschild & Sons Limited of 14,950,000 Ordinary Shares of 25p each of which at least 9,000,000 Ordinary Shares of 25p each will be sold at the minimum tender price of 112p per share and up to 5,950,000 Ordinary Shares of 25p each are reserved for sale at the Striking Price (being not less than 113p per share), the price tendered being payable in full on application

Applicants are strongly advised to use first class post and to allow two days for delivery.

(\*) Applications must be for a minimum of 100 shares and thereafter for the following multiples of

for over 5,000 shares and up to 5,000 shares for over 5,000 shares and up to 10,000 shares 1,000 shares for over 10,000 shares and up to 50,000 shares 5.000 shares An application for any other multiple of shares will be rejected. To: N. M. Rothschild & Sons Limited I/We enclose a sterling checile or banker's draft payable to "National Westminster Bank PLC" and crossed "Not Negotiable Blagden for the above-mentioned sum, being the amount payable in full on application for the stated number of Ordinary Shares of 25p each of Blagden Industries PLC (the "Company") at 112p per Ordinary Share and I/we offer to purchase that number of Ordinary Shares and I/we agree to accept the same or any smaller number in respect of which this application may be accepted upon the terms of the Offer for Sale dated 22nd March, 1985 and subject to the Memorandum and Articles of Association of the Company. I/We request that you send to me/us a fully paid renounceable Letter of Acceptance in respect of such Ordinary Shares, together with a cheque for any moneys returnable, by post at my/our risk to the first address given below and procure that my/our name(s) be placed on the register of members of the Company as bolder(s) of such of the Ordinary Shares allocated to me/us (if any) as have not been duly renounced. In consideration of your agreeing to accept and process applications upon the terms and subject to the conditions of the said Offer for Sale, I/we agree that this application shall be irrevocable until 4th April, 1985 and that this paragraph shall consulute a

Form to Nat I/We und warranty the	ontract between me/us and you which shall become binding upon destronal Westminster Bank PLC, New Issues Department. least and that the completion and delivery of this Application Form, at the same will be honoured on first presentation. I/We acknowledge the any moneys returnable are liable to be held pending clearance of a	accompanied by a cheque, constitutes a nat renounceable Letters of Acceptance and	4 Arcount payable
Dated	. 1985 l. Signature	·	5. Amount
PLEASE		(Mr., Mrs., Moss or Title)	£
ise Block Capitals			6. Cheque pumber
Please pizi your	(in the case of joint applicants all further applicants must sign and complete below)	<b>.</b>	
chalt penjest a chedne,	2 Separative Samaroe and designation (Mr. Mrs. Missor Title)	4. Signature	
bere	Forestoe(s) (m full)	Forename(s) (m fall)	
	Address (m full)	Acidress (m full)	
	3. Signature	ده چون د التي و دهند د مستود ميلود ميلود و مستوديد و التي و التي و التي و التي و التي و دور و التي و دور و دور ده و التي و دور و دور و دور و دور و دور و دور و دور و دور و دور و دور و دور و دور و دور و دور و دور و دور و دو	
	Surrante and descriptions (Mr. Mrs. Master Tule)		
	Foreneme(s)(m bil)		
	Subsect to Land		

Any signature on behalf of a Composition must be that of a duly authorised official who should state his representative capacity. It mis form is expect under a Power of Anomey such Power of Anomey or a duly certified copy must accompany this form.

No receipt will be issued for the payment on application, but an acknowledgement will be forwarded through the post to due course, either by a fully paid Renowledgement will be forwarded through the post to due course, either by a fully paid Renowledgement will be forwarded through the post to due course, either by a fully paid Renowledgement will be forwarded through the post to due course, either by a fully paid Renowledgement will be forwarded through the post to due course, either by a fully paid Renowledgement will be forwarded through the post to due course, either by a fully paid Renowledgement will be forwarded through the post to due course, either by a fully paid Renowledgement will be forwarded through the post to due course, either by a fully paid Renowledgement will be forwarded through the post to due course, either by a fully paid Renowledgement will be forwarded through the post to due course, either by a fully paid Renowledgement will be forwarded through the post to due course.

### FORM B

APPLICATION FORM AT A TENDER PRICE OF NOT LESS THAN 113p PER ORDINARY SHARE

The Application List for the Ordinary Shares now of

This Application Form, when completed, must be lodged with or posted to National Westminster Bank PLC. New issues Department, P.O. Box No. 79, 2 Princes Street, London EC2P 2BD together with a cheque/banker's draft, representing payment in full at the price tendered, so as to be received not later than 10.00 a.m. on Thursday, 28th March, 1985. Photostat copies of Application Forms will not be accepted.

A separate cheque or banker's draft must accompany each Application Form.

A separate cheque or banker's draft must accompany each Application Form.

Cheques and banker's drafts, which must be drawn in sterling on a branch in England, Scotland, Wales, Northern Ireland, the Chemnel Islands or the Isle of Man of a bank which is either a member of the London or Scotlish Clearing Houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided for the members of those Clearing Houses and trust bear the appropriate sorting code number in the top right hand comer, must be made payable to "National Westminster Bank PLC" and crossed "Not Negotiable—Blagden". No application will be considered unless these conditions are fulfilled. All cheques and banker's drafts are liable to be presented for payment on receipt. Applicants are strongly advised to use first class post and to allow two days for delivery.

### BLAGDEN INDUSTRIES PLC (Registered in England Number 178227)

Offer for Sale by N. M. Rothschild & Sons Limited of 14,950,000 Ordinary Shares of 25p each of which at least 9,000,000 Ordinary Shares of 25p each will be sold at the minimum tender price of 112p per share and up to 5,950,000 Ordinary Shares of 25p each are reserved for sale at the Striking Price (being not less than 113p per share), the price tendered being payable in full on application

(1) Applications must be for a minimum of 100 shares and thereafter for the following multiples of shares: up to 1,000 shares for over 1,000 shares and up to 5,000 shares for over 5,000 shares and up to 10,000 shares for over 10,000 shares and up to 50,000 shares 1.000 shares 5,000 shares for over 50,000 shares 10.000 shares An application for any other multiple of shares will be rejected.

(2) Insert the amount enclosed (the number of shares applied for multiplied by the price per share at which application is made). (3) The tender price (being 113p or a higher price being a whole multiple of 1p).

(3) Price per Ordinary Share which To: N. M. Rothschild & Sons Limited I/We enclose a sterling cheque or banker's draft payable to "National Westminster Bank PLC" and crossed "Not Negotiable—Blagden" for the above-mentioned sum, being the amount payable in full on application for the stated number of Ordinary Shares of 25p each of Blagden Industries PLC (the "Company") at the tender price per state inducated in Box 3 above and I/we offer to purchase that number of Ordinary Shares and I/we egree to accept the same or any smaller number in respect of which this application may be accepted upon the terms of the Offer for Sale dated 22nd March, 1985 and subject to the Memorandium and Articles of Association of the Company. I/We request that you send to mehrs a fully paid renounceable Letter of Acceptance in respect of such Ordinary Shares; together with a cheque for any moneys returnable, by post at my/our risk to the first address given below and procure that my/our name(s) be placed on the register of members of the Company as holder(s) of such of the Ordinary Shares allocated to me/us (if any) as have not been duly renounced.

have not been duly renounced.

In consideration of your agreeing to accept and process applications upon the terms and subject to the conditions of the said Offer for Sale I we agree that this application shall be irrevocable until 4th April, 1965 and that this peragraph shall constitute a collateral contract between me/us and you which shall become building upon despatch by post or delivery of this Application Form to National Westminister Bank PLC, New Issues Department.

I/We understand that the completion and delivery of this Application Form, accompanied by a cheque, constitutes a warranty that the same will be honoured on first presentation. I/We acknowledge that renounceable Letters of Acceptance and any cheques for any moneys returnable are hable to be held pending clearance of applicants' cheques and banker's drafts.

1985 1. Signature 8LOCK

Any signature on behalf of a Corporation must be that of a duly authorized official who should state has representative capacity if this form is superclumder a Power of Angurey, such Power of Angurey or a duly combact copy must accompany this form. No receipt will be igneed for the payment on application, but an accompany will be igneeded through the post in obe co No receipt will be trained for the payment on application, but an action wild beament will be forwarded throu Acceptance for all or part of the Ordinary Shares supplied for another a citique for application makeys rea

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CHENSI RESERVE

ASH NGTON

The Secretary of State for the Environment, Mr Patrick is at this moment having a long, quict read of his inspector's report on the public inquiry into the controversial lansion House Square proposals at the heart of the City of London. When the developer, Mr Peter Palumbo, adopted the design of the lale Mies van der Rohe for this delleate site, he clearly thought he was going to the top and offering the City of London a new building by one of the modern masters. All thal was hock in the 1960s; and the architectural and develop-ment scene is now so different that only a Secretary of State stuck in the cihos of the Sixtles

stuck in the citos of the Sixties would dream of allowing the Palumbo/Mies scheme.

No one can say that the proposals have not hod a foir hearing. The two-month-long ptaning inquiry was the longest of its type—apart from Sizewell—and the best ottended in terms of expert counsel and witnesses, for a vary long time. The inspector, Mr Stephen Marks, is spector. Mr Stephen Marks, is known to be o fair and scrupu-lous judge. Ife certainly was o man of infinite patience, listening to the expensive witnesses brought from all over the world by Mr Palumbo to justify an oul-of-date concept that had somehow become caught up in the time warp of the planning

I think that anyone who sat through the inquiry, whether they were for or against the proposal, when they arrived, would have left at the end convinced thot Mr Palumbo hod got it wrong. A man with a vision, no doubl, but the wrong vision, to the wrong vision. wision in the wrong pisce.
When the minister reads his

inspector's view that the evidence sgainst the scheme from the City and the GLC and a wide range of other objectors is more convincing than that of the Palumbo proponents, he will undoubtedly accept it; and recommend that the conservation areo at the heart of the City be respected and that Mr. Polumbo should restore, repair and rehuild where necessary on this expensive site. His decision is expected soon and will, no doubt, be in lice with his other wise decisions on the National Gollery site and his cleor wish to preserve the best of Britain's urban ond arcblicctural heritage. After all, it was Mr Jenkin who "found" £25m to preserve three great country houses-Kedels-ton, Weston and Noslell

Alongside the obvious thrust

man, marveliously shoded and savoured, which threatened to

sweep thoughts of any other

where one sometimes gets the impression that the aubstance

of the work is missing, that a movement as structurally complex as "Marsch" really

plex as "Marsch" really demands a firmer hand that is

prepared to push through the more seductive passages.



The vision of a young American artist transforms the more mundage world of modern architecture into alluring collages at a one-man show now at the Royal Inctitute of British Architects at 66 Portland Place. The work of Jenny Okun explores the structure of modern architec-

Mr Jenkin also knowa in his

beart of hearts that the srgu-ments now in the air about the

new City of London plan being

too conservstlonist are pro-duced largely by esate agents and developers who bave a

ture in a series of soperimposed images that can be en-

larged to make huge murals. There is no doubt that modern architecture often is conceived with the camera in mlnd: indeed, architects often see their designs as they might appear in the pages of the glossy mogazines. The abstract nature of of the subjects that have been mechanical structure successfully transformed by Jenny Okun. Her work can be seen in London until March patterns by a skilled photographer—no one would deny that it frequently looks better Iban the reat thing.

Skyscrapers of New York. cast-iron bridges of London and the gothic geometry of

auccess. 29 ond from the June 4-29 in the Bertha Udang Gallery in New York. Pictured above is her view of Londoo's Albert Bridge over the Thames, the structure glamorised as an architectural collage.

the winner looks as though it will be a low-key building with a pitched roof profile that will fit in well with the St Peter's Squsre area of Leeds. The runners-up were Derek

Walker Associates, and Tim Foster with Burell Foley

From the competition drawings

### Barbers of London and Kent

### **Max Loppert**

proper. pleasure-promoting ways. Mr Ferro (whose lialiono

recording was recently praised here by Ronald Cricbton) understands the three-way pull

The production, based on the

staging by Hampe's Cologne company that visited Edinburgh

no long ago, is full of "inven-zione prelibata," excellent comie touches that mirror the zest of the music ond very seldom go against it the storm, with win-

dows erashing open and pictures dropping down, is s bit much).

Sets by Peter Davison "after the design concept of Ezio Fri-gerio" lwhatever that means)

suggest an 18th-century Seville with ravishing delicacy of style in both the external house facade Hormidsble yet welcom-

ing with peetral brown walls

wide interior [but aren't those

open cupboards impossibly high up?). This is the sort of plsee where "real life" and comic plotting can coexist—and

the deft blending of both is evidently a Hampe ballmark.

There are three first-rate por-trayels, stellar but not scene-

hogging, to keep the fizz going. Thomos Allen's Flgaro combines

charm and toughness in ahun-dance, speed on his feet and in

its trade right ocross the country last week. William Weaver reported from Glasgow ful spproach may miss the mark quile as much—this is not, after on the radical Scottish Opero oll, a comedy about nice people but about five delightful rogues [Rosina included] on the make. updating; down south, in quick succession, there opened two new productions by Kent Opera tat the Marlowe, Canterbury, on Thursday) and the Royal Opera The foundation of the Covent execution beautiful lo bear which is also lively in the

(at Covent Garden on Friday). Few people, surely, will quibble over the proliferationwhat Verdi called "the most beautiful opera huffo in existbeautiful opera huffo in exist-ence" remsins one of the basic items of any wetl-balanced operatic repertory. But case-hardened critics (whose early iofatuation with the work may have had to survive the trial-by-fire of too many mediocre revivals) and the average opera sudlence will necessarily have brought rather different eriteria to bear on the new shows. Only one of the two seemed to me to reconcile all possible de-mands with any degree of

Despite a comparatively huge hudget and a provision of inter-national Rossinians, it was by no means a foregone conclusion that this would be the Roysl Opera's (in recent seasons the temptation must be to bet the other way round). But the London production by Michael Hampe, conducted by Gabriele Ferro, is a success despite vocal weaknesses, because it achieves on expert balance between musi-cal and theatrical requirements. This is more difficult than it seems: The Barber is, indeed, surprisingly difficult to do really well. Virtuosity is of the essence -virtuosity of voices and in-struments, of comic nuanre and timing. It is not to be confused his mental calculations; If the

Rossin's Borbiere was plying with mere speed or vulgar "Largo" found him a little strade right ocross the clowning, yet a too-gentle, taste-below the form previously shown on this stage, the voice soon came bock into trim. Samuel Ramey presents us with a quite extraordinarily imagi-nstive view of Basilio, skeletal, Rangoni-like in insidious Rangoni like menace—and, in addition to winning new laughs in the tiredest old places, Mr Ramey gives an unbeatable display of compact, finely forged Rossini bass singing.

Enzo Dara, the single native of the cast, wins Bartolo's laughs In more traditional ways, as only an Italian can—his outrage over a mispronounced surname is of hallowed lineage land an unusual touch of coronary dis-tress gains him no false, un-wanted sympathy). To this gallery of Rossinian originals must be odded Elizaheth Bainbridge's memorable crusty Berta though in the absence of a true soprano the finales had to be doctored accordingly).

Rosina and Almavira, Royal Opera newcomers both, began much less well than they later carried on. In Franca Squarciapino's peacock-blue costume Alicia Nafé looked both oddly mature and like s marionette; the smile with which all good Roainas immediately eslablish roanas immediately establish credendals was drawn tight; in "Una voce" the mezzo showed an attractive dusky quality in middle registers, less confidence and carrying power elsewhere (the lesson scene went much better). Deon van der Walt's height stands him in good stead, likewise lhe bright ring of a well-schooled tenore di grazia, but be still has a great deal to leave about et la invest deal to learn about style, in par-ticular about tapping the ex-pressive polential of florid vocal writing. The ronductor had allowed a quite legitimate amount of ornamentation into the edition—and the surer the artist, the more vivid the

It'a an irony, ond s not especially pleosing one, that it should be Hampe's former colleberator Arnold Ostmon—con-ductor of the Motrimonio segreto that Cologne so successfully gave at Sadler's Wellsto provide root cause for a Kent Opera Barber of stygian dull-ness. Dr Oslman, a noted Authenticist, draws from his small orchestra effective sounds small orchestra effective sounds (he uses a fortepiano in the recitatives) hut entirely unauthentic, because ineffective, tempos and phrases. To the latter, in faet, it seemed that the conductor had given no consideration whatsoever, for the overture was psinfully po-faced, and the singers were kent on a and the singers were kept on a ridiculously tight rein, with no room to present lbeir own vocal skills. Of the Kent cast, illchosen by and large (the Alma-viva totally inexplicable), only one might actually have done so: Eirian James (Rosina), pos-sibly the most accomplished florid singer in either London or Canlerbury Barber, All the same, the opportunity to shins

should at least have been offered all round. Duliness in the orchestra and dulines on stage: It was a recipe

for authentic Rossinlan gloom Jonothan Hales (producer) and Roger Butlin (designer) had moved the action 10 mid-Victorian England, seconded by Michael Irwin's crudely rhymed new translation. The jokes, such as they were, came from costume and design device, not from character and situation. Figure s check-trousered sporting man, Rosina in spectacles, s massive organ and busts in alcoves dominating the music room, gas lamps and bobbies in the street outside: a colleague's name for it all was
The Barber of Wolverhampton,
and I don't think he mesnt It
kindly. You could see every-

### vested interest in rampant demolition. Mansion House Square Is not the place for o dreary Mies stump—no amount of lobbying

or sending the Prince of Wales or sending the Printe of Wales copies of Mies's propagonda will convince anyme that Psiumbo's folly should be built. The time is ripe for good new buildings to be erected in London and elsewhere. Surely the thing to do is to produce a map of the oppalling eye sores and poorly constructed developments of the late 1950s and 1960s and seriously propose their demolition.

There is plenty of scope for the rebuildlog of London in places where it will not hurt. With the disappearance of the GLC, the confusing muddle of the new "heritage" bodies and the tireless lobbying of rich developers like Mr Palnmbo for the promotion of their own private dreams, the City of London is more vulnerable than ever. Whot a positive oppor-

In the Wozzeck Fragments

again conducted by Claudio
Ahbado, devoted most of its weight to Berg. Mahler was represented only by his Kinder-fotenileder, though that in the kind of account by Jessye Norman, marveliguety shoded and very local placed at the back of the feetival, partly under the auditorium promotion of New Music.

The Gulldhall Chamber Orchestra, conducted by Lionel Friend, and was, like the other events of the festival, partly under the auditorium promotion of New Music.

We heard three premieres.

Vejzovic) placed at the back of

Theatre bursaries

The Arts Council has awarded

Mahler Festival/Barbican Hall

**Andrew Clements** 

savoured, which threatened to sweep thoughts of any other nusic aside.

Berg's Three Orchestral speeps the savoured and a hobby horse used for the final fragment — yet with Miss Vejzovic content to remain a horsely of the savoured and the pack of the platform, a chorus of children and a hobby horse used for the final fragment — yet with Miss Vejzovic content to remain a horsely of the platform, a chorus of children and a hobby horse used for the final fragment — yet with Miss Vejzovic content to remain a horsely of the platform, a chorus of children and a hobby horse used for the final fragment — yet with Miss Vejzovic content to remain a horsely of the platform, a chorus of children and a hobby horse used for the final fragment — yet with Miss Vejzovic content to remain a horsely of the platform, a chorus of children and a hobby horse used for the final fragment — yet with Miss Vejzovic content to remain a horsely of the platform, a chorus of children and a hobby horse used for the final fragment — yet with Miss Vejzovic content to remain a horsely of the final fragment — yet with Miss Vejzovic content to remain a horsely of the final fragment — yet with Miss Vejzovic content to remain a horsely of the final fragment — yet with Miss Vejzovic content to remain a horsely of the final fragment — yet with Miss Vejzovic content to remain a horsely of the final fragment — yet with Miss Vejzovic content to remain a horsely of the final fragment — yet with Miss Vejzovic content to remain a horsely of the final fragment — yet with Miss Vejzovic content to remain a horsely of the final fragment — yet with Miss Vejzovic content to remain a horsely of the final fragment — yet with Miss Vejzovic content to remain a horsely of the final fragment — yet with Miss Vejzovic content to remain a horsely of the final fragment — yet with Miss Vejzovic content to remain a horsely of the final fragment — yet with Miss Vejzovic content to remain a horsely of the final fragment — yet with Miss Vejzovic content a horsely of the final fr

Berg's Three Orchestral Pieces Op. 6 hegan the programme, the Three Frogments from Wozzeck ended it. Many passages in Berg Abbsdo realises most poelically—the beautifully moulded themes of the second orchestral piece. "Reigen." the closing bars of the final "Marsch"—but elsewhere one sometimes gets the war of the second orchestral piece. "Reigen." the closing bars of the final "Marsch"—but elsewhere one sometimes gets the

tunity for a minister like Mr Jenkin to grasp the nettic of London's planning and srchitec-tural problems and to say that the time has come to promote only careful, quiet schemes of high quality that will fit in and respect the centuries of growth that are reflected in the fabric of the City. Civilised people everywhere rely on Mr Jenkin to say "no" to the Palumbo plan—nol as a negative, stopgap response but as the start of o campaign of caring for the architectural future of London. There is o great future for a minister who will odvocote

bcouty.

of the Barbican /LSO "Mahler vienna and the 20th Century" to be placed second to textural Festival there is a thorough and most welcome tribute to Alban Berg in his centenary year. Thursday's instalment, sponsored by Nikon UK, with the London Sympbony Orchestra again conducted by Claudio center of the second to textural for the first piece, auctional sponsored by Nikon UK, with the London Sympbony Orchestra again conducted by Claudio center of the second to textural foregrammes that made up the Guildhall School's Contemporary Music Festival was given on Thursday in the commodious Music Hall that is gart of the School's Barbican premises. It was performed by produced by quietly, intensely the Guildhall Chamber Orchestagain conducted by Claudio center of the school's Barbican premises. It was performed by the Guildhall Chamber Orchestagain conducted by Claudio center of the school's Barbican premises. It was performed by the Guildhall Chamber Orchestagain conducted by Claudio center of the school's Contemporation of the commodious Music Hall that is given on Thursday in the commodious Music Hall that is given on Thursday in the commodious Music Hall that is given on Thursday in the commodious Music Festival was given on Thursday in the commodious Music Hall that is given on Thursday in the commodious Music Festival was given on Thursday in the commodious Music Hall that is given on Thursday in the commodious Music Hall that is given on Thursday in the commodious Music Hall that is given on Thursday in the commodious Music Hall that is given on Thursday in the commodious Music Hall that is given on Thursday in the commodious Music Hall that is given on Thursday in the commodious Music Hall that is given on Thursday in the commodious Music Hall that is given on Thursday in the commodious Music Hall that is given on Thursday in the commodious Music Hall that is given on Thursday in the commodious Music Hall that is given on Thursday in the commodious Music Hall that is given on Thursday in the commodious Music Hall

It is gratifying to relate a satisfying outcome to an archi-tectural competition—a form of commissioning new buildings that has yet to work satisfactorily in the UK. Leeds has just announced the results of its competition for a new theatre to be built as part of the £60m shopping and leisure complex on the site of the former Outree. on the sile of the former Quarry Hill flats. The total scheme is being drawn up for the council hy the Dutch developers, the MAB Group.

The compelition followed an 350 seals, and they will be used unusual format. In the first by the regional repertory comatage, an open invitation was pany. Work will begin in 1986.

Symphony and Milhaud's La Creation Du Monde. The standard of execution in these latter was not quile as high as

could have been expected: a raggedness pervaded the Webern, while the Milhaud dld not succeed in making its jazz

One cannot, therefore, assume

that the performances of the

new works served them ideally, though their demands were in all cases considerable. None, I'm afraid, seemed touched by genius, and only one had any-

The Arts Council has awarded, the first in the Arts Council has awarded, the first in the Arts Council has awarded, the Arts Council has a sure a sense of the Arts Council has a sure aeruse of the Arts Council has a sure aeruse of the English twelve-tone school, such as wrights Peter Flannery and David Halliwell.

The Arts Council has awarded, the Arts Council has a sure aeruse of the English twelve-tone school, such as King's Nocturne), though it was the Arts Council has awarded, which are the Arts Council has a sure aeruse of the Arts Council has a s

atylishness effortless.

issued to architects to submit their general approach to design-129 of them obliged. From this submission, 12 practices were invited to compete in the final stage of the competition. This eliminated the need for all the entrants to submit detailed entries and allowed the selected 12 to Associates. negotiate directly with the client, They all felt that the pro-

posed budget of £4.5m was toadequate for a good theore and the clients agreed to increase the budget to a more realistic £5.8m. At the same time, the client cut down on the mount of detailed information needed from the srchitects. This kind of flexibility is essential if competitions are to be successful and produce realistic results.

The winning design is by the
Appleton Partnership and the assessors describe it as a "substantial" building. It will be huilt in "traditional materiols in a contemporary style." The

Westminster Abhey are some

theatre with a semi-arena-shaped auditorium surrounded by large foyers and restaurants. There are two auditoria, with 750 and

Guildhall Composers

Paul Driver

The last of eight enterprising came across as the most charac-

### The Possessed/Almeida

### Michael Coveney

I had doubts about the suit-springing vertical strips of bility of British actors inhabit-corset elastic, eoch obout a foot ing the marionettish Expres-ionism of Yuri Lyubimov's retreat from without, bodies are costoyevskyan nightmare in entangled within this elastic, ability of British actors inhabiting the marionettish Expressionism of Yuri Lyubimov's Dostovevskyan nightmare in Crime and Punishment, but the which hos a hammock-like varianew company dispels them entirely in The Possessed. This tion to enliven one of the many sinister tangos, and which can be reconstructed to suggest the is a superb production and a brilliant adaptation by Lyuhi-mov himself of an English ver-sion by Richard Crane hased on town's hurning rooftops and the dead-of-night pond where Shotov's body is dumped, rather like a clerical corpse in Poland recently, by the stalworts of the cause, Irina Kirilova's translation. The

designer is Stefanos Lazaridis. The cast appear in paper masks which become handker-It is amall wonder that Lyublmov, before he left his Taganka theotre, was refused permission to present this work masks which become handker-chlefs on which they blow their noses before despatching them into the audience. The mask as a gesture of social expedi-ency, the paper tissue an in-criminating document, is a re-current visual theme. The diagonal line dissolves and a chair and signpost are smuggled on in a chain movement. We on in a chain movement. We are in Tikhon's monastery for

Stavrogin's confession.

The amall provincial town that witnesses the tumultuously disastrous consequences of in-

This version both clarifies the novel, its great themes of loss of faith and redemption through love, and preserves its hectic, jagged quality. Opposite Mr Feast's driven agitator, pumped up with his own rhetoric and self-importance, is the fascinatingly impenetrable Stavrogin, the magnetic mystery man to whom Nigel Terry lends his own apecisl brand of gleaming insolence. Running at three and a half hours, the ahow seems to lesve

with his own company. The novel, inchoate but absolutely novel, inchoate but absolutely riveting, is now a sardonically phophetic work of art suspended between the two greot revolutions of 1789 and 1917. Michael Feast's athletically fevered, tongue-ficking Peter Verkhavensky looks like a wound-up Lenin. The miracle hera is that Mr. Feast's out. that witnesses the tumultuously here is that Mr Feast's outdisastrous consequences of interference by a few crazed native histrionic skill to the
radicals, is a black box of director's expressionist purpose.

forms Dostoyevsky to a wonderful plastic theatricality. To the accompany soundtrack of Alfred Schnittke all the novels' main dramatic events are here, with Gillian Barge vuinerably imperious as Mrs Stavrogin, Peter Kelly doubling the piano-playing Lyamshin with a Glaswegian-accented convict, Robert O'Mahoney extravagantly desperate as the suicidal Kirilov, lan McNelce and Harriet Walter intriguingly

### Tom and Viv/Royal Court

### **Martin Hoyle**

were effective rumblings below—low woodwinds in unison; and a sestreling of more novel noises that allowed the piece to suggest the influence of Birtwistle beyond thot of Vaughan two works of inordinate familiarity, Webern's Op 21 Symphony and Milhaud'a La Creation Du Monde standard of "Every family needs a wild affable and hreathtakingly dotty from the very beginning of the play, surprise, even development, are precluded.

This was Vivienne's back-development, are precluded.

Strictly on heating his sicler has ground; and the play makes a Julie Covington is left with a crazed sort of black sheep," says stupid.
Viv's silly-ass brother enthusia. This was Vivienne's back-Viv's silly-ass brother enthusiastically on hearing his sisler has married an American poet. The first of the many ironies in Michael Hastings's plsy, now returned to the Royal Court, is that T.S. Eliot was all huttonedup reticence and propriety: Viv house where she had been consigned for a decade.

The plsy has rightly won plaudits here snd in New York. It is funny, pathetie and haunting. Mr Hastings is good on the upper-middle class, evincing a least tent of a least tent of the state of the sta love-hote relationship for doomed graciousness and bland self-destructiveness — perfectly aummed up in the brother, Maurice: a sweet-natured idiot, fotuous out without raocour;

ground; and the play makes a Julie Covington is left with a case for Eliot's being in love with it as much as with her. esques on eccentricity, from Edward Herrmann's pained, shrieking a Rhinemalden's cry Edward Herrmann's pained, prim face is spasmodically distorted by eruptions of anguish as bis wife's madness progresses. "Help ust" he shouts at Dsvid Haig's baffled Maurice; coming from this cold fish the ery is pitiable, wreoched out by pain become insupportable.

The play also has bilarious

The play also has hilarious moments, perhaps too much so in the recounting of Viv's exploit with melted chocolate and a distinguished publisher's letter-box. For a second lhe author distances himself and us from the dramatic context and tells a funny anecdote at her

Moreover, as VIV is abown as

March 22-28

shrieking a Rhinemalden's cry as Tom reads his poetry to stalking imagined rivals tVirginia Woolf, Ottotine Morrell) through London with a joke dagger—all of which she does beautifully, ending with the elouded, effortful clarity of "There bove been good moments in the past..." We've had our splendid times, baven't

Max Stafford-Clark's production moves smoothly through 30 speak their lines with curious mis-stresses. Margaret Tyzack tVivienne's mother) is a mar-

thing coming a mile off, and very little was worth doing in the first place (the snatched extra interval after Act 1. scene 1 was a disgroce). To have to write this way of any

# Arts Guide

Music/Monday. Opens and Beliet/Tuesday. Theatre/Wed-nesday. Exhibitions/Thursday. A selective guide to all the

Arts appears each Friday.

### LONDON

Philip Jones Brass Ensemble more Hall (Mon). (9352141). Imogen Cooper, piano, Schubert, Wigmore Hall (Wed).

Academy of St. Martin-in-the-Fields, directed by Iona Brown, violin-Back Queen Elizabeth Hall (Wed).

(\$283191).

### Arditti String Quartet: Purcell Room-

trol study, full of vaguely Stravinskyan effects, and a few

interesting, less categorizable ones. It proclaimed a certain

liveliness of talent; perhaps all Miss Rodd needs to do is psint

her canvas a little less thickly and allow it more thoroughly to

Stephen Kings's piere, a quite finely sustained medita-

tion on a melancholy poem pre-aumably of bis own making,

alone conveyed awareness of some sort of expressive tradi-

(Thur). (120097).

The Hague, Diligentia, Chamber music performed by members of the Hague Philharmonic, Partos, Stra-

vinsky, Yun, Kodaly, Dvorak (Wed).

vinsky, Yun, Rodaly, Dvorak (wed). (464303). Ijmegen, De Vereeniging The St. Matthew Passion performed by the Nijmegen Bach Choir (Wed). The Amsterdam Philharmonic under Ar-

pad Joo, with Mischa Dicht Dvorak, Brahms (Thur). (221 100). Inastricht. Stadsschoawburg. Th Guarneri Trio (Tue). (13300).

PARIS

conducted by J.C. Vilhan: Vivaldi motets and concertos (Tue).

St. Thomas d'Aquin. (3532983). Elisabeth Chojmacka, Harpsichord re-cital (Tue, Wed 6.30pm). Theatre de

la Ville. (2742277).

Orchestre National de France conducted by Roberto Abbado, Yo Yo Ma, cello: Brahms, Elgar, Dvorak (Wed).

Théâtre des Champs Elysées.

(107303).

eiden, Stadsgehoorzaal. The Hague
Philharmonic conducted by Roelof
van Driesten, with Vicente Zarzo,
hora, and Jan Goudswaard, guitar.
Danzi, Schumann, Rodrigo, Liszt

### Rodinella Children's Choir - Bach's St Matthew Passion (Thur).

Vienna Volksoper Gala Concert, con-ductor: Rudolf Bibl; soprano: Mirja-na Irosch and Melanie Halliday; mezzo-soprano: Claudia Elder, bari tone: Karl Donch; Luis Giron-May NETHERLANDS msterdam, De Meervaart. A compila-tion of Fellini films with 1 Compani, conducted by Bo van de Graaf, per-forming Nino Rota's music (Thur). J. Strauss, Snppe, O. Strauss, Lehar, etc. Showa Womens College, Hitomi Memorial Hall. (Mon). (2827141;

### NEW YORK

andras Schiff piano recital (Metropoli-tan Museum); The Bach series play-ed last autumn at Wigmore Hall, London, comes to New York (Mon).

London, comes to New York (Mon). (5703717).

Carnegie Hall: Cincinnati Symphony: Michael Gielen conducting, Phyllis Bryn-Jones soprano: Schönberg, Beethoven: Cincinnati Symphony: Michael Gielen conducting, Heinz Holliger oboe: Bach-Schönberg, Bach-Webern (Tue). Oratorio Societt of New York: Lyndon Woodside. ety of New York: Lyndon Woodside conducting: All-Bach programme (Wed); Lucia Popp soprano recital: Lieder by Schubert, Dvorak, Wolpe, Mozart, Brahms (Thur). (2477459).

Philadelphia Orchestra (Concert Hall): Erich Leinsdorf conducting, John Brown piano: Ruggles, Stravinsky, Mozart, Wagner (Mon). Kennedy Center (2543718).

Chicago Symphony (Orchestra Hall): Sir Georg Solti conducting, Isaac Stern violin: Wagner, Bartok, Men-delssohn (Thur). (4358122).

# Saleroom/Antony Thorncroft

### Monet view of Waterloo

IS oversnodowed by the Florence Gould auction in New York next month, when a view painted by Van Gogb from the window of his asylum room is confidently expected to set an auction record for an Impressionist painting of more than \$8m; but there are important things on offer.

Most inlerest will be in the portrait by Egon Schiele of the textile manufacturer and art for the rare works hy Schiele that appear on the market—be dled at the age of 28—have spiralled in recent years, reach-ing a peak of \$3,190,000 for one of his nudes at Sotheby's in

This is an unusually sympatheic portrait for Schiele and Sotheby's expects hids to top £1m on Tuesday night. In the same session, a work by Picasso, "Femme au chapeau de velours"—which he painted in 1915, but kept in his possession until his death, when it was left to his daughler Marina should approach £2m.

This is the week of the spring Modigilani should moke sales of Impressionists and £800,000. There are five works modern pietures in London. It by Chagall on offer, with prires is overshodowed by the ranging up to £250,000. Christie's includes s £100,000

Kent Opera performance is a bitter disoppointment.

Renolr in its sales on Tuesday. Renolr in its sales on Tuesday.

Christie's ssle of letters, manuscripts and books on Wednesday has one particular interesting lot—Evelyn Waugh's manuscript of his second novel. Vile Bodies. On Waugh'a death in 1966 the University of Texas acquired his entire library, including the manuscripts of all his novels with the exception of Vile Bodies. This he gave in 1930 to his friends Bryan and Diana Guinness, noting: "I am Diana Guinness, noling: "I am afraid this will never he of the slightest value." Il carrlea an upper estimate of £20,000.

The final typescript, with autograph corrections, of Dsshiel Hammett's The Glass Key bears a modest £5,000 upper estimate; while deep in the past there are letters by Haydn, Nietzsche, de Sade and Luther (the latter with a £15,000-£20,000 estimate).

There are also major salea of photographs, with Christie's South Kensington offering "Life One of the many views of and landscape on the Norfolk Waterloo Bridge that Monet Broads" by Emerson sl £10,000painted from his room in the £15,000; while 25 prints of Savoy, and completed in France Arizona and Nevads in the in 1903, carries a £650.000 top eatimote; while a portrait by more.

### Music TALY

Rome: Testro Olimpico: (Piazza Gen-tile de Fabirano): The violinists Sal-vatore Accardo and Margaret Bat, jer, Bruno Giuranna, viola, and Alain Meunier and Rocco Filippini, cellists. Schubert (Wed). (39 3304).

Rome: Oratorio del Gonfalone: (Vicolo Della Scimia I/S (Via Giulia): The harpsichordist Rosa Klarer playing music by Baldassare Egluppi ("Il Buranello"). (Thur). (855952). Rome: Auditorium of Via Della Conciliazione: Beethoven with the violinist Gerhard Hetzel, conducted by Eu-

Palais des Boanx Arts: Eliane Ro

rigues, piano. Bach, Beethoven, Mozart, Brahms (Tue); Belgiao National Orchestra conducted by John Currie with the Scottish Chorus and the

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"In the first rank internationally" — The Economist

### RAN

The above Survey, due to appear in Today's paper, will now be published on Monday April 1.

OR

**BNOC** move signals

Mexico oil price

changes undercut

Opec agreement

return to Opec

oil pricing system

### FINANCIALTIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Monday March 25 1985

# New debate on arms strategy

deep misgivings about the longterm ramifications of President Reagan's Strategic Defence Initiative. Their main fear is that the unrestrained pursuit that the unrestrained pursuit of unproven technologies for anti-missile deferce may upset the existing nuclear balance, with possibly dangerous consequences. Until recently, bowever, they bave tended to restrain their public criticisms of the SDI, both in the interests of alllance solidarity and in order not to hand gratuitous weapons to the Soviet propaweapons to the Soviet propaganda machine. Above all, perbaps, they have been reluctant to throw stones into the pond just at the moment when resumed arms control negotia-tions are gathering momentum

It may be that the pbase of tactful restraint in intra-alliance dialogue on the subject of SDI is now over. Sir Geoffrey Howe, the British Foreign Secretary, has delivered a long speach cataloguing many of tha anxieties provoked by the new American pro-gramme; and Mr Richard Perle, an assistant secretary at the U.S. Defence Department, has immediately replied with a fierce, not to say deliberately offensive attack on the Foreign Secretary's speech. From this exchange Sir

Geoffrey emerges with greater credit, in terms of rational argument as well as of civility. His critique of the SDI (otherwise known as Star Wars) is expressed as questions rather than as assertions. Since the research is only beginning to gather way, the questions canconclusively answered; but their pertinence to western nuclear strategy is

Will research lead to plausible defence system? If it leads to partial defence of military targets, will that mean a return to the targeting of civillan populations? Will civillan populations? Will defences be survivable and costeffective, or will they unleash a dual arms race in defensive as well as offensive systems? What will he the opportunity cost of hi-tech defensive systems, and what the impact on other elements of the West's defence spending? Will the very sbort reaction times required for space-based antimissile systems he compatible with political control? Where will the SDI programme fit in

with arms control? Perle simply ignored all these questions. Instead be barped (as be has done before) on the failure of detente in the early 1970s to restrain Soviet adventurism, and on the failure of arms control agreements to restrain the build-up in Soviet

Mncb of Mr Perle's argumen-

IT HAS long been obvious that the Soviet Union has intro-that the European members of duced many more new strategic the Atlantic alliance harhour systems in the past decade than the U.S. and that by some measures (though not all) it has established a numerical edge in nuclear systems. Yet given the vast redundancy in the strategic armourles of both super-powers, it is doubtful in the extreme whether the numerical discrepancies can be translated into any meaningful military advantage. The use of any nuclear weapon would incur the most borrific risks of retaliation; there is no way the Russians could disarm the U.S.

### and they know lt. Miscalculations

Moreover, the Soviet nuclear huild-up during the 1970s was not attributable to the inherent failure of arms control as such, but to the short-sightedness and over-confidence of American negotiators. They might have been able to secure much more severe limits on the multiplica-tion of warheads on strategic missiles; instead they over-estimated U.S. prowess in this technological refinement, and under-estimated Soviet ability to catch up in minaturisation and targeting accuracy. It was this miscalculation which opened the door to the hypothetical threat now per-ceived hy American hawks.

miscalculations have lessons both for the arms confor the Administration's confidence in its SDI programme. Naturally, the Administration justifies SDI partly as a vision of a safer future, and partly as an effort to catch up with Soviet nologies. Either way, technology is given precedence over strategic analysis, and "catch-ing up" becomes the rationalisation for what could become a new arms race.

On one point, however, Mr Perle has the better of the argument. Sir Geoffrey claims that the 1972 Anti-Ballistic Missile Treaty enshrined a joint recognition by the super-powers that stahillty depended on mutual vulnerability. This has certainly been western doctrine; hut the scale of Soviet spending on anti-bomber defence, civil defence and now anti-missile defence shows that Moscow's commitment to this doctrine is at best temporary and condi-tional. The Russians may not have a usable advantage now, but we cannot rule out the pos-sibility that they may be seeking

Two questions now need to be addressed. First, can arms control ensure that neither side gains, or seeks, a decisive superiority? Second, does SDI demand a major alliance debate on the essentials of security strategy? This second question is the easier of the two: that dehate may already bave heen tation is disingenuous and started by the speech of Sir debatable. It is certainly true Geoffrey Howe.

JUST OVER a year ago o group of veteran Europeon experts in energy formed of small, informal group, with the aim of making occasional statements about energy policy. It has come to be known as "the Frankel group," after the name of one of the group's founders—Dr Paul Frankel, the 81-year-old Austrian-born energy consult-

Last year, the group's first atatement, on the security of European oil supplies, was made to the EEC summit at

The Frankel group's second and more ambitious document is this 'manifesto about the need for a renewed bridgebuilding exercise between oil consuming countries and oil producers.

Signatories to the statement, each acting in a personal capacity, are: Dr H. Frankel, president of Petroleum Economics; Robert Belgrave, formerly a director International; Prof. Umberto Colombo, President, Energia Nucleare e delle Energie Alternative; Vicomte Etienne Davignon, former vice-president of the European Commission; Prof. Andre Giraud, former Minster of Energy and Industry, France; Dr Toyoaki Ikuta, President, Institute of Energy Economics, Tokyo; Dr Ulf Lantzke, former executive director, International Energy

T HAS become a cliche that the trade in crude oil and products is now dominated by the spot market and that spot prices are persistently weak and tend to pull down official government selling prices of crude, whether those governments be in Opec or in

It is widely accepted that this tendency is in be applauded and has brought about the 1982-84 reversal of the oil supply-demand relationship and that its repercussions in the realm of pricing is a complete success of the "free market есопому."

Yet like most cliches, this one obscures rather than illuminates the reality, and closer examination reveals a different and more complicated plcture. That prices depend on supply and demand is obvious. The way the latter two are formed; and the way they interact with prices is not. Nor is it obvious who or what determines the determinants.

The first thing that has to be said is that the much heralded fall in oil prices may turn out to have been a mirage, brought about by the excessive strength of the dollar. As the new Head the International Energy Agency pointed out in a recent speech in London, prices in pean currencies have
by 13 per cent—since
A similar situation appears also in Jspan.

That is what matters to European and Japanese oil refiners and consumers, and it matters also to crude oll exporters, who see the demand for their oll reduced in consequence and whose purchases are by no means confined to dollar sources. Within the U.S. It is of course

true that prices have fallen, yet even here there appears to have whether these lower prices are likely to last long in a split market. Investors would not still appear to put a premium continue the search for high- on owning some part of their cost oil, as they are doing, both crude requirement; especially as currency fluctuations and a long-term relationship within the U.S. and elsewhere, if this can be within the OECD cost) and the latter which between producers and offin spite of the spectacular area where some degree of reflected — and created — takers.

"sanctity of contract" still short-term freight market

Opec ministers edge towards

agreement on pricing policy

Opec accord leaves

markets relieved

but still nervous

failure of the Mukluk well, if

they did not believe in a long-

term market that would remun-

erate their investment. We shall

What is needed now is a

market forces." Traditionally,

reinterpretation of the term

the bulk of oil used to flow

through the intagrated channels

of the major oil companies and

by way of long-term contracts; as a fringe phenomenon there were some short-term move-

sector. At the time one used to

say that these transactions related to "tha collapsible

With the ending of upstream

control in the Opec countries

by the nil companies, and the more recent onset of a buyers' market, the advantage of "own"

oil and of term contracts was

eroded and, with eager supply exceeding shrinking demand,

the wheel turned full circle and

the "spot" price became the relevant Item all across the

Like all "spot" prices of

market

widely and

commodities, the market depends on the immediate

supply-demand relation which

frequently. This type of market

has an intrinsic relevance for the operator, yet it provides but

little guidance to the investor,

whether a finance house, or the

World Bank, or an oil company,

still appear to put a premium

Oil companies in particular

fluctuate

to

mainly in what was the "independent"

the

return to this point.

ments,

structure."

They are able to do so in part because of an implicit assumption that their respective home governments are prepared to provide them in one way or another with a protected market in tha interests of national security of supply.

WORLD OIL PRICES

Time to redefine

'market forces'

However, from a world supply point of view, the existence of de facto protected markets for nil produced within the OECD will not for long ensure continuity, because the OECD as a whole cannot do without access to Middle East reserves. Yet in present circumstances, neither foreign inves-tors nor the Middle East governments themselves are prepared to put their money into the production and trans-port facilities that will be needed in say 10 years time. If this situation does not change, then the present glut will inevitably be turned into a shortage.

There thus emerges a need for two different types of supply contract, one which reflects the fast moving short-term market and the other which takes a comparatively durable supply demand ratio into account.

Such differentiation of contracts has existed all along in the sphere of tanker transportation: there was a substantial difference in approach between time charter and spot transactions, the former being fixed for a sizeable period of time (although mostly subject to some form of escalation which related to general changes such

Another relevant aspect of freight contracts was the intro-duction of the AFRA concept, which provided for periodical assessments of all charters extant on a certain date. These were consequently affected by short-term developments but reacted more slowly, due to the impact of more solid long-term

On a different plane, when there was still an endeavour to retain some sort of system governing the relationship of the main world currencies to each other, there was developed the concept of what was then crawling peg." which allowed changes, but was designed to contain them to provide some sort of continuity. There is no such thing as

market stability in an inexor-ably changing world, and it is fact continuity which called for - a system in which changes take place slowly with-nut each one of them being of a magnitude which would shatter the existing set up alto-gether. Violent oscillations of the

supply/demand ratio or still more so of price levels, have made nonsense of then existing contractual commitments. real price collapse would do a lot of damage to the world energy system and a price surge would inevitably follow which in turn would again heavily damage the world economy as

To avoid these, there is a need for the re-establishment of long-term relationship

Secondly, confidence will have to be re-established among market participants. Difficult as this may be, given the experiences the world has gone through over the last two decades or so, it abould be nbyious for everybody by now that nobody has to gain from a situation in which oil is not

Thirdly, it should ha possible to devise a new type of contract between the main sup-pliers and offtakers which would cover a substantial part of the oil flow. Such commitments, if entered improved understanding of the consequences of a breach of

regarded by many consumers to

a reliable fuel any more.

contract, could provide a sub-stantial element of security for the supplier as well as for the

would also facilitate investment plauning in respect of exploration and production of crude. However, the reining acctor may well remain more volatile and less suitable for longer-term commitments given the degree of overcapacity prevailing in this sector.

It has to be recognised how-ever that the type of purely commercial contract envisaged above may at any time be over-turned by the sovereign power countries, whose governments have in the past used unilateral "changed circumstances" either its own crude supplies, refiners, in order to raise the price when are the only necessary inter-

some political objective. The position is still further now play their part:

confused where governments have acquired ownership of commercial company interests in addition to their regulatory and political role. Ex-U.S., the regulation of trade in the interests of public safety, environment and comperi tion, as well as the requirement of national security, repres a high degree of governmental "involvement" in the energy husiness. In the UK, the very existence of BNOC (now in the volved the government in pricing, as does Statoli in Norway. process of being disbanded) in

Most contracting parties in the crude oil business live in different countries and political conditions vary

Expectation of continuity under these circumstances is difficult to imagine, unless the governments concerned can provide this by agreeing amongst themselves at least to provide - or to revive - a climate in which pacta sunt servanda is the rule, or as a minimum—to provide by means of an "umbrella agreement" s deterrent against breaches el contract.

Of course, such agreements or understandings imply a limitation of sovereignty as do all international treaties and agreements. It may well be that this could prove to be a hope-less task in the case of oil, but it is the characteristic of leadership to keep on the lockout for the favourable conjunction of circumstances which can make the desirable become the feasible.

The present situation in which the OPEC countries are feeling the pinch of reduced demand, of its threat to prices, and the danger that oil might develop into a secondary role in the overall fuel mix, while the OECD countries see a need for continuity in order to sustain their own internal invest-ment in (high cost) energy as well as provide overall stability

for their economies, might pro-vide such an opportunity. To get things started, there is a need to identify an interlocutor valable nn either side. Neither Opec nor IEA at this point in time is qualified to do much more than exchange information on supply and demand and their future prospects, though this might be valuable in itself.

With the U.S. strongly stress-ing the role of pure market furces in this particular field on the one side and Opec split by political divisions on the other, the bodies with both the capa-city and the incentive to initiate serious discussions of the prob-lem are the European Community or Japan on the one hand and the Gulf Co-operation Council on the other.

If these bodies could start a serious evaluation of the feasibility of some sort of noo-exclusive umbrella agreement, to refrain from overturning to retrain irom overturing commercial contracts commercially arrived at, that might give the producing and importing companies, whether state or private, the mecessary confidence to enter once again into long-term contracts, and might open the way to wider understandings.

In short, the main obstacle now to a stable system is lack of confidence. The time is probably ripe for some initiative to introduce confidence building oil product consumers.

Within a single country with they believed they were in a mediary. But internationally, seller's market or to pursue governments or coherent group governments or coherent group-ings of governments should

# Businessmen as civil servants

THE British Government has are necessary in bandling job been unnecessarily brusque in switches between the MoD and been unnecessarily brusque in its rejection of each and every idea the Treasury and Civil Service Committee bas produced for improving public confidence in the movement of people between business and the Civil

The public and private sectors certainly have valuable skills and experience to offer each other, most of which remain untapped because of tha absurdly rigid employment patterns which have tended to dictate that a career started in one sec. a year for five years, It may tor remains within it for an en-well be that Mr Levene, as

Nevertheless, there are two areas where the Government has been less than thoughtful in its response to the committee's proposals. One is the nature and operation of the Diamond Comnittee, which vets movement of senior officials into the private sector. The other concerns defence procurement.

.The committee's suggestion that two backbench MPs should be added to the Diamond Committee perhaps Privy Counsellors or Select Committee chairmen-would have been a sensible reinforcement of con-fidence. It could have been taken even further with, for example, the inclusion of a High

### Difence procurement

The Government's rejection case. Defence procurement is prove dramatically on an £8hn-a-year business within a largely closed world which

strict controls and procedures into the bargain.

the defence industry, the row over the appointment of the new bead of defence procurement provides lt. The Prima Minister bas been

embarrassed by the controversy within Parliament and the Civil Service over the transfer of Mr Peter Levene from the chairmanship of United Scientific Holdings (one of Britain's fastest-growing defence contractors) to the defence procure ment post at a salary of £95,000 ure working life. The overrid-ing priority must be to break will do the job bester than a down this rigidity. career civil servant, but it is a pity his appointment was handled so ineptly. It turns out that the appointment Levene will not be shown papers on the £200m armoured person nel carrier contract because his former company was a bidder. This is just the sort of confidence-sapping which the Commons committee has heen fearing and trying to prevent

...In truth, however, both the committae and the Government are persistently missing the point. Tha most effective way to deter conflicts of interest or improper hehaviour, while enahling the maximum amount unobstructed movement mschinery of government contracts and negotiations to

would be to expose the wbole detailed and expert scrutiny. of such simple but effective im- The Comptroller and Auditor provements is unconvincing. General together with the More worrying is the failure to Public Accounts Committee, look at defence as a separate given the will, could yet impositions taken by hoth the Government and the Treasury does nnt always work to the and Civil Service Committeeaod get the taxpayer a better If any proof were needed that deal on public sector contracts

the bar Practitioners in the hlack art of administering insolvencies are bolding their summit con-ference. Insol '85, in Monte

**Beyond** 

For David Graham it will be one of his last public appearances as the leading British Queen's Counsel in that specialised field.

At 51, be is leaving the Bar

come an executive director of Cork Gully, the insolvency practice which is now part of accountants, Coopers and

As the annual earnings of lawyers of Graham's stature at the English Bar ara normally well into six figures, I asked him whether be is taking a cut in his income in his new corporate role. While too modest to mention figures, he less than at the Bar. Coopers into the corporate pocket to get

Graham is one of the founders of modern insolvency prac-tice. As a young barrister from



"Must be the start of tha FA's get tough policynon-alcoholic lager

# **Men and Matters**

Leeds in the 1950s, he decided But including Lawson, joint to specialise in what was then senior partner of W Greenwell, to specialise in what was then an almost unfilled field for

lawyers. One of his greatest assets has been his almost photographic memory, enabling him to recall almost instantly in court obscure details of balance-sheets studied months or even years before.
"I can still do lt," he says, " but
it becomes harder as you get

older." Cork Gully has a staff of soma 400 in Britain working on in-solvencies. Recent assignments have included the Acrow and Servis receiverships. Graham will act as a father-figure to tha team, passing on his special knowledge of the insolvency

C and L see Graham'a appointment as part of its strategy 0 moving towards being a multi-disciplinary firm. The appoint-ment of other professionals outside accountancy such as an estate agent and a quantity surveyor to fill senior jobs, ls also being considered, I am told,

### Exchange mafia

Richard Lawson's election as deputy chairman of the Stock Exchange, with effect from next June, is a triumph for the Throgmorton Street Mafia But before Sir Kenneth

newly-appointed top City policeman as chairman of the Securities and Investments Board, gets the wrong idea, I should hasten to add that the Stock Exchanga Mafia is the self-proclaimed title of a select group of Council members. Six in all, they were first elected in 1973, a vintage year for recruitment.

Time has thinned out the and Crispin Gascoigne has retired to farm in Oxfordshire,

the others will all bave served in the deputy chairman's spot Graham Ross Russell of Laur ence Prust is in that position now, and George Nissen, of Pember & Boyle, and Peter Wills of Sheppards & Chase are past incumbents. Lawson'a election will be

marked by a celebratory private dinner, and I understand that Gascoigne will be dragged up from his country estate for the occasion. Memories will no doubt flash back to the days a decade ago when the sextel forms to propose to the then chairman, George Loveday—meetings which earned them the name of the Mafia. Since then, bowever, they

have become very much the establishment. A Stock Exchange insider tells me that none has challenged the suprem acy of the current chairman, Sir Nicholas Goodison, and the current generation of rebels are mostly from small firms. "All the current changes are necessary. We should have had them back in 1976-77," one mailoso tells me.

### Bishops' move

How soon before the Conserva tive Party includes the disestabment of the Church of England (and bence the removal of bisbops from the House of Lords) in its election pro-Party leaders have become

increasingly irritated by the recent criticisms of the Government's economic and other policies from the hishops' bench And, aware that their bogeyranks slightly: Anthony Steel of man, the Bishop of Durham, is De Zoete & Bevan died in 1983, due to make his maiden accech 'his avening In a Lords' debate training,

leaders lost no opportunity of having a go at, naturally un-named, bishops when the Tory Central Council met in his diocese over the weekend. Mrs Thatcher stole the bead-

lines with ber comparison be-tween the voice of prelates and the Spring sound of tha occasional cuckoo. But there were as many laughs for local government minister. Kenneth Baker, who,

noting the proliferation (if that is the word) of nuclear-free zones, wondered which local council would be the first in declare itself a bishop-free

about overdoing the anti-clerical line, fearing that maybe tha bishops have rather more sup-port than Arthur Scargill.

### Cold climate

Britain'a new man in Buenos Aires, Coim Sharkey, is follow-ing his official brief to the letter, much to the apparent chagrin of some members of the local British community and their Argentine friends.

Since his arrival in November, Sharkey has kept a dis-tinctly low profile, rarely ven-turing out on official cells and keeping his personal contacts to a minimum. Ha has ruled out any approach to Argentine Government officials, however informal.

All this contrasts sharply with the attitude of Sharkey's predecessor, David Joy, who made many friends. His farewell oarty, jointly celebrated with his daughter's wedding to an Argentine, was attended by more than 700 guests.

Sharkey's approach, it is understood, reflects the realities of British Government policy over the Falklands, which has now entered a particularly cold phase because of Argentina's dogged refusal to resume diplo matic or trada relations unless the tricky subject of acvereignty

Ubserver

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MUTICE IS HEREBY GIVEN that purpose the pursued of a cost dividend to thousbodies of each date. March 31, 1955 the attendanters' negative that the period at wife ort he possible to engine the transition of shares against the assumed of EUF Furthermore, it but have decided that the ship will be traded as dividend on the Japanese Selections when the commence of the European with dividend to the Marganese Selections with the ship will be traded as dividend on the Japanese Selections with the Marganese Selections with the Marganese Selections with the Marganese Selections and th

and Germany.
If the photograph is brought out these days, it is because the legacy of de Gaulla and Adenauer as protagonists of Franco-German reconciliation and of closer European collaboration figures prominently in the poli-tical framework of both President Mitterrand and Chancellor Helmut Kohi.

Helmut Kohi.

The two bave revived the security clauses of the Elysee Treaty that de Gaulle and Adenauer signed in 1963—so that bilateral consultation between France and West Germany over foreign affairs and military. foreign affairs and military issues is closer than ever and more systematic than the con-tacts between any other two governments in Western

Europe.

They symbolically joined hands in September of last year in a moving ceremony of remembrance of the First World War battle of Verdun—a gesture intended to bury past conflicts and cement future relations. They have both been talking recently of launching a "surprise initiative" in Europe (M Mitterrand's phrase) and of the last great chance" for union (Chancellor

Many European diplomats treat these declarations cynic-ally as the lofty rhetoric of two leaders who see in the European cause an escape from their own domestic political difficulties. Both bave so far certainly escaped the detailed questioning of their intentions that would face them in the British They meet in Paris again to-

- -- ! No

50

day for a meeting before the EEC Brussels summit which is due to take decisions on enlarge-ment and to review the recommendations of the so-called Dooge committee set up by head of government on political in-tegration. The meeting is routine in the sense that tha two men meet often—ten times in 1984 and may be more this year. But it also reflects the common assumption in Bonn and Paris that the Franco-German relationship is the most important in the EEC and the key influence behind Community decisions. For Britain that is a painful conclusion to

Franco-German relations

# Why history could be in the making

By David Housego in Paris and Rupert Cornwell in Bonn



President Mitterrand (left) and Chancelior Kohl join bands at Verdun last year

French officials are exasperated at what they consider the Germans' Europamudigheit ("Europe-weariness") and et the Chancellor's weak handling of his ministers. From being the cash cow of Europe that fin-anced the costly expenditure programmes of the Greeks or Italians, the Germans in French eyes are turning their backs on Europe to the point of blocking initiatives in the interests of budget discipline.

The French complain thet the West Germans have been backtracking on decisions taken at the last EEC summit in Dublin. They accuse them of providing additional subsidies to German cereal farmers in defiance of EEC rules. They say that German ministers attending summlt negotiations tenaclously defend national interests in a way that runs totally counter to Chancellor Kohl's European language.

Nothing demonstrated the friction quite so dramatically as a recent articla which appeared in Le Monde—clearly inspired by the French Foreign Ministry
— under the title "Is West
Germany in the process of disengaging itself from the Community?" The French embassy
in Bonn went to the extra-

more leeway for private sector investment. France bas gone a long way to accepting these priorities since the March 1983 devaluation of the French franc. But German doubts over own interests, policies and stra-wbether there is a real convertegic concerns would be much But German doubts over gence of economic policy explain national besitancy over the further development of the of European institutions. • The French approach to industrial co-operation puts the main emphasis on joint projects Europe maintain its economic such as Airbus, the Ariane space and technological competitivemain emphasis on joint projects programme, the European fighter plane or the extension of the Freneb high-speed trade network into West Germany. The West German emphasis, like Britain's, is on opening the internal market to provide a free flow of capital and goods.

But, nonetheless, the word at the Elysee as in Bonn is that two leaders are serious in their European statements. At the Elysee it is underlined in red that progress on Europe "is the fundamental axis of the President's foreign policy and of his vision of the world."

Behind the pressure in Paris and Bonn for forcing the pace there are several common threads:

• The settlement of the difficult dispute over reform of the Com-mon agricultural Policy and of the British Budget contribution munity decisions. For Britain that is a painful conclusion to swallow.

What justifies the cynicism is that, over recent months, bilateral disputes between France and Germany have rarely been so numerous or so bitier, over a range of issues—agricultural prices, steel subsidies, the de-

velopment of the Ecu, car exhaust pollution (until last week's EEC agreement), Community finance, the proposed military reconnaissance satelite, the management of Airbus Industries—the two countries

more fundamental divergences of the way that the U.S. has managed both its economy and substantial progress in the Community finance, the proposed instance, is with cutting the budget deficit further and bring instance, is with cutting the budget deficit further and bring are often being ignored. At the same time Europe needs to period. Militerrand would thus not only like a European same time Europe needs to hold fast against Soviet pres-sures to divide it during the thus not only like a European success this year. But he would also like to cap it with a refer-rendum which would demon-strate a far greater degree of support for his government than latest arms control negotiations. Europe's ability to define its assisted by greater political in-tegration and a reinforcement parliamentary or local elections

> A recognition, as a German diplomat puts it, that "only by combining Europe's forces can

Behind these general arguments, there are also strong political considerations that press for a burrying forward of the timetable. President Mitterrand is likely to be faced with a bostile opposition maj-ority in the National Assembly in March next year. In terms of European issues that would mean that the Assembly would either turn down the enlarge-ment of the EEG to include ment of the EEG to include Spain and Portugal—the neo-Gaullist RPR, for instance, is militantly against—or would substantially revise the terms agreed by the present govern-

It would also mean that in the two year period between the legislative elections in March next year and the Pre-sidential elections in 1988, M Mitterrand would be shackled in the running of his European policy. For a right-wing dominated National Assembly would have no wish to see e Socialist President cutting a figure on the European stage that would boost his domestie political

other states could

The danger is that an adverse vote on a European issue would put back the very cause be is trying to further. But a referendum could not be more delayed beyond the autumn or

With this tight political timepriorities are two-fold. The first is to ensure that enlargement can take place by January I as scheduled. The French believe that this issue will be wound up in Brussels. But they also think that although enlargement was vital on political ground, a Community of 12 will be even more unwieldy and difficult to run than a Community of 10.

Thus the second priority is to

speed decision-making by rapid progress towards political integration—even if all the member states decline to go down this path. The French and German views over political integration lie closer to the maximalist recommendations of the Dooge report in terms of e substantial move to majority voting, of enhanced powers for cil of Ministers, and of the setting up of a political secre-tariat attached to the Council, If the EEG summit in Milan in June ended in failure or made insufficient progress,

ruled out that France and Germany would launch their own initiative. French officials say that the ground would have to be well prepared. The Germans add that Italy would need to be brought in and that any joint moves should be open to other members as well. But while nobody knows what among the wild cards mentioned are a move towards joint FFr-D-mark currency or the revival of a French-German union to

Part of the French besitation lies in the character of Ghancel-lor Kohl. For if be and President Mitterrand enjoy good working relations, it is also eleor that M Mitterrand has problems in pinning down the Ghancellor on details

Nooetheless, in the past the personal ties between leaders have had a decisive influence on both the course of Franco-German relations and of the EEG. It was de Ganile and Adenauer who sprang the Elysee Treaty on a German public opinion then nervous of the repercussions for relations with the U.S. and with East Germany. Likewise, former President Giscard d'Esting and Chancellor Schmidt hatched in secret in 1979 the EMS which was then sprung on other EEG beads of government, Recent signs are that soma

of the differences that have marred relations are now being narrowed. The Germans last week reached an agreement with their EEC partners over a European Parliament acting anti-pollution controls and Chan-in collaboration with the Councellor Kohl's most recent statements point to an increasing convergence of French and German views over SDL But history is not made of such deals — and the making of hisanding.

Thus, from M Mittersend's French officials say it is not to have in mind.

### Lombard

# Don't write off the U.S. boom

By Samuel Brittan

is fading. This is quite likely to be nonsense, as is the accom-panying suggestion of a marked acceleration in inflation.
The flash forecast, together

with the troubles of the Ohio Savings and Loan Associations. has given a convenient pretext for those who were buying the dollar for no better reason than that it was rising ("the trend is your friend") to get out from

It may be too soon to write off the strong dollar. It would only take some indications that the U.S. upsurge is still in good health after eli (and therefore that the Fed can safely tighten), plus a warning or two from Paul Volcker ebout inflation, for U.S. Interest rates to move upwards again and for fresh funds to be attracted into the U.S. currency.
The obsession with sbort-term

savings has been a mnddling feature in the whole debste about why far more jobs have been created in the U.S. than in Europe. In my book, The Role and Limits of Government (Temple Smith, 1983) which went to press in the winter of 1982-83, when the published data still showed the U.S. in deep recession, and when fashionable opinion wrote off any recovery. I was still able

any recovery, 1 was still able to include a long-term chart (p. 211) showing that the number of U.S. jobs bad increased by nearly 20 per cent over a decade, while it bad stagnated in Europe in Europe.
The unemployment comparison was more complex, but pointed in e similar way. Up to

the early 1970s, partly because of the differences in the nature of unemployment on the two sides of the Atlantic, it was normal for U.S. jobless rates to be several per cent higher than EEC ones in both boom and slump. But by the early 1980s, the gap bad been reversed. The U.S. experienced in 1980-82

little more than a normal cyclieal npturn in unemployment, while the EEC was experiencing a secular rise and had overany U.S. boom to debate. any belt-tightening. This fina But obviously, the U.S. did element cannot last.

THE U.S. boom celebrates its take a quantum leap, in 1983-85 second anniversary amid a with real GNP growth rates flash forecast suggesting that it averaging 6 to 7 per cent. For Keynesians, "reflatonists" and hig spenders tax cuts were important because they stimu-lated demand and boosted the Budget deficit. Public spending (over and above the military boost) would they believe, have been even better because they would bave leaked less into imports and savings.

A sober statement of the

opposite case for the incentive as distinct from the deficit effects of U.S. tax cuts is made by Grover Norquist of the U.S. Chamber of Commer (Supply Side and Economic Growth, Adam Smith Institute, 2, Abbey Orchard Street, London SWI). It does not, bowever, remov

all doubts. The author emphasises the slashing of top U.S. marginal personal tax rates in 1981 from 70 to 50 per cent. But Sir Geoffrey Howe cent. But sir Georrey Howe cut UK top rates from 83 to 60 per cent even earlier back in 1979 without unleashing an economic miracle. As for the quick capital write-offs, they are very familiar in Europe, and were not only dropped as a harmful distortion in the British Budget of 1984; they have also been conder the U.S. Treasury in its admirable tax reform proposals.
Still, Mr Norquist has good

points to make. Mainstream economists of all shades thought that U.S. investment would be weak, because the deficit would stimulate high interest rates. Instead, investment grew faster than consumption. tion, unusually for the early stages of e postwar recovery.

My own view is (a) that more rapid demand growth did belp launch the U.S. boom, (b) that the massive Fed relaxation of 1982-83 was more important bere than Budget deficits, (e) that the tax cuts reinforced the stimulus by suply-side effects in direct contradiction to the leakage theory, (d) that freer U.S. labour marekts made that demand stimulus much less inflationary than a correspond-ing impulse would have been in Europe (do not forget President Reagan's early dismissal of the striking air traffic controllers) but that (e) massiv net U.S. overseas borrowing exported some of the inflationary impact taken the U.S.. Thus it was but that (e) massiv net U.S. possible to pin-point the superiority of the more flexibla and less unionised U.S. labour market, long before there was an investment boom without any investment boom wi

### The housing

scene From Mr F. Steiner

Sir,-Joan Gray's article (March 16) on the British hous ing market is incomplete. It is no donbt correct that the private sector is broadly in balance with demand, and that there is a worsening shortage in the public sector. The corollary left out is that the owner-occupled sector may be in equilibrium but that the rented sector is not. The continued abrinking of the private rented sector helps to aggravate unemployment by adding yet another factor of immobility. Yet the economic rigidity is not the worst eonsequence. The buman misery of people who cannot afford to buy bot are not entitled to council bousing, even if they want it, is worse.

American-type, per mobile, society is to price for extra sales tive bomes.

F. M. M. Steiner. e/o The Reform Club, Pall Mnil, SW1.

Tax-effective investment

From Mr J. Hills

Sir.—My letter (Ma: private sector is broadly in if they want it, is worse.

A new consequence is the increased homelessness among people who can no longer main-tain the properties they are pay-ing off, particularly if they have suffered foreclosure. A genera-tion ago they could have traded down by renting something, much smaller or chesper, and much smaller or cheaper, and with much more flexibility, perhaps renting two rooms for 10/6d a week, or 15/- for three. Now there is no such option and if the lesser evil of doubling up with parents is not available, there may be a breakup of the family as well as

bomelessness.

The blame for this state of affairs lies with both parties. The initial fault was undoubtedly that of the Labour Party, from Nye Bevan electioneering in 1945 on the platform of no increase in controlled rents, to Mr Gerald Kaufman glorying 20 years later in the boast that the disappearance of the private rented sector was both policy and fact. Yet the Conservatives since 1979 bave not merely been unenterprising or lacked courage, one suspects that they too do not care for the private tenant, and if they cannot get rid of council tenants altogether they want to turn as many of them as possible into "property owners" for electoral reasons.

Both parties abould know by

Both parties abould know by now that this policy has been wrong for both economic and moral reasons and one only bones that it is not too late to undo some of the damage and get some construction of both houses and data for latting houses and flats for letting, restarted after nearly 50 years.

I also dissent from the idea that in the interests of selling more houses people should be "encouraged to move." It is expensive to do; if it becomes a normal feature of life as already to some extent in America, it will add yet one more item to increasing the cost of living. Trading uo in houses

Letters to the Editor

American-type, permanently mobile, society is too high a price for extra sales of execu-

From Mr J. Hills Sir,—My letter (March 9) in response to Cilve Wolman's article on tax-effective investments appears to have stirred
up something of a bornets' nest.
In particular, Mr Piper wrote
(March 13) that I was wrong in
suggesting that investors will
not be able to enjoy the 100 per
cent initial allowance for the
purchase of very small workshops after March 26, even if
they were constructed by a
developer before that date.
All I can say is that I understand from colleagues within
the profession that the Inland
Revenue technical division
agrees with my interpretation,

agrees with my interpretation, i.e. 100 per cent initial allowanecs continue to exist for pur-chases after March 26, provided construction of the very small workshop was complete before that date. For the technically minded, the key to this interpretation is in Finance Act 1980 section 75(5).
Jon Hills.

Pannell Kerr Forster. 78, Hotton Gorden, EGL. Investment in

Bangladesh From the Counsellor (Press), High Commission for the People's Republic of

Sir.-We feel that the Reuter report from Dhaka headlined "Bangladesh restricts foreign investment" (March 15) has not presented the picture correctly. When contacted, the director general of the Department of

Industries, informed us that in his briefing, on the contrary, be reiterated the existing policy of the Government for overseas

The Government, in fact, wel-comes foreign participation in joint venture on mutually bene-ficial terms and conditions in: new enterprises, particularly America, it will add yet one more item to increasing the cost of living. Trading uo in houses by moving to a different area may set up social strains (break in school and other friendships) which do not apply to trading up in hard goods. The social damage from copying an interest in logy available to the foreign investors, which will make an additional net contribution to the economy, including the training of Bangladesh personnel: undertakings in which damage from copying an intensive use of natural damage from copying an intensive use of natural damage. In ew enterprises, particularly from the medical profession to increase cigarette taxation; and it published the important new finding from a government survey, that a majority of adults said they would approve or at least not disapprove if the can support the Stock Exch. Chancellor again raised tobacco tax.

I believe the London Ma increase cigarette taxation; and it published the important new finding from a government survey, that a majority of adults said they would approve or at least not disapprove if the Chancellor again raised tobacco tax.

I fear that your paper is in 17, Tokenhouse Yard, EC2.

oriented industries: capital in oriented industries; capital in-tensive technologies, the pro-ducts of which will be either import substitution or export oriented; and existing public or private sector enterprises where infusion of foreign capital or technology will mean an increase in productivity and improvement in the product. Muhammad Zamir. 28, Queen's Gate, SW7.

Smoking, tax and freedom

From the Director,
Action on Smoking and Health
Sir.—In your piece "Over 66
per cent of smokers 'try to
stop'" (March 19), you cover a
survey by an organisation called
the "Freedom Organisation for
the Right to Enjoy Smoking
Tobacco" without making it
clear to readers exactly what
this body is: it is sponsored by
the manufacturers of cigarettes.
The tobacco industry has for
more than 20 years tried to
oppecs measures designed to
improve this country's appalling
epidemic of smoking induced
disease. If this "fredom"
group were really interested in
personal freedom, surely it
would be concerned that two
thirds of the smokers in its
survey suffered a very serious From the Director. survey suffered a very serious restriction of their freedom— they were unable to break free from an addiction to tha most harmful consumer product the

world has ever known.
Your report publicised the suggestion that "if people were forced to give un smoking and forced to give un smoking and "became so edgy that they needed alcobol or tranquillisers as an alternative support they would probably be worse off than if they carried on smoking cigarettes'." apparently without checking with any medical or bealth expert familiar with this aree. Your readers abould be assured that there is no scientific justification for such propaganda; and that nobody in the bealth field wants to "force" anyone to stop smoking.

ing. Your paper did not carry a pre-Budget release from my organisation. It described the urgent representations the Chancellor had been receiving from the medical profession to

danger of being seen to actively support those seeking to pro-tect an industry promoting a substance which at present causes far more damage to bealth and life than heroin; and of discriminating against those in the medical and health professions, in government voluntary organisations, are desperately trying to with what the Royal College of Physicians calls the "hidden bolocaust" of diseases caused by smoking.

David Simpson. 5-11, Mortimer Street, W1.

Profit sharing schemes

From the Director, Industrial Participation

Association

Association

Sir,—The improvement of the provisions for approved profit sharing schemes in Mr Lawson's Budget should encourage many more companies to introduce schemes. In a recent attitude survey of particles pants in 12 profit sharing com-panies, we found that the most disliked feature of the schemes was the long period during which the shares were beld by trustees, end there was a potentrustees, end there was a poten-tial income tax liability if they were sold. Now that this has been reduced from seven years to five, profit sharing schemes become much more attractive both to employees and to man-

agements.

It is not that employees necessarily want to sell their shares as soon as they are free from tax: most respondents said they intended to retain them on a long term basis. But employee shareholders should as soon as possible be in the same position as ell other shareholders in a company with the shareholders. agements tion as ell other shareholders in a company, with the shares registered in their own name, and without any additional tax penalty if they do decido to sell. Profit sharing does improve employee attitudes and their sense of identity with the company, and as our survey showed, as a result of the scheme the great majority of participants take a greater interest in their firm's financial performance and profitability. When most manprofitability. When most man-agements are trying to generate a greater understanding of the busidess, it is clear that a profit sharing schema helps. D. Wallace Bell.

85, Tooley Street, SEL. SE Council's proposals

From Mr V. Milrath
Sir.—1 bave been s member
of the Stock Exchange since

1969. I survived, like many colleagues, the crasb of 1974. 1 believe the London Market will not flourish in a dog-eat dog environment.

I em a fighter, but not a

There is no way in which I

can support the Stock Exchange Gouncil's suicidal proposals.



# Go Straight To THE TOP

THE WALL STREET JOURNAL

EVERY BUSINESS DAY, ALL OVER EUROPE.

# FINANCIALTIMES

Monday March 25 1985



Michael Morgan on Wall Street

### **Equities** confront a spectre

A FURTHER substantial rise in equity trading, particularly in the over-the-counter markets, will force big changes on the Wall Street bro-

As it measures up to this increase of activity, the industry itself sees the spectre of intense competition both from the existing brokerage firms and from the rapidly growing diversified financial services com-

The crystal-ball view emerges in the results of a soul-searching exercise by industry executives and their customers. More than 800 of them took part in the quaintly enti-tled "Delphi" study into the pros-pects for the industry.

According to the study, average daily share volume on the New York Stock Exchange will increase by 48 per cent to 135m shares by 1988, from 91m last year. In the Nasdaq over-the-counter market, trading volume is seen rising by an even larger 70 per cent, from 60m last year to 102m shares in 1988.

The prospects for trading in new er products such as financial futures and options are also rosy, with sharp rises in volume envis-

Despite greater activity, however the projections represent a slowing down from the exceptional growth seen between 1978 and 1983, cautions Mr Jeffrey Schaefer of the Securities Industry Association in New York. Mr Schaefer is the joint author of the report with Mr Marc

Sternfeld of Arthur Andersen.
Looking beyond the confines of Wall Street, growth in trading of securities across national bound-aries is expected to continue. Indeed, the report suggests, U.S. in-terest in foreign equities will out-pace the increase of foreign demand for U.S. equities.

The growing internationalisation of portfolios is expected to lead foreign securities commanies to accelerate their entry into the U.S. market through joint ventures with U.S. investment banks while U.S. firms are expected to expand their existing foreign offices.

As the pace hots up, the study says competitive forces will also grow. Competition, it argues, is the most potent force for change in

The study differentiates between institutional business. On the retail side, non-securities firms, and particularly the diversified financial services companies, are expected to pose the greatest challenge. For institutional business, the competition will come from within the in-

Industry concentration is also expected to increase further with the big Wall Street firms expanding at the expense of the smaller companies. The top 10 companies are expected to increase their share of available revenue at the expense of firms ranked below the top 25.

The growth in their revenues will, bowever, be derived from increasingly different sources. Commissions will become less impor tant, while trading and income investment will provide a growing

In the fiercely competitive envir-onment, marketing will become increasingly important - with all sectors of the industry homing in on the same customers - and firms say they will be more aggressive in bringing new products to the mar-

Customer preferences will be a vital factor for future change. How-ever, the study identifies a potential difficulty in that area, with distinct differences becoming apparent between what customers say they want from a brokerage house, and what the industry thinks customers

While the industry accurately re-flected the priorities of money managers, more creativity was required in meeting the needs of corporate

The industry was, however, more attuned to retail customers and particularly those with incomes of

\$65,000 and more. Despite a continuing squeeze on costs, less than 5 per cent of industry respondents saw their firms abandoning research departments. Although expensive, research is important to the large institutional investors and their equity business will remain the lynchpin of most

leading firms. Continued introduction of new technology will bring significant cost increases, partly offset by an expected decline in occupancy and

clerical costs. Regulatory changes, the focus of much attention in recent years as boundaries have been crossed between the different financial services companies, will be of less significance to the industry over the next three years. However, further deregulation of all sectors is expectFEDERAL MEDIATOR WINS TENTATIVE UNION AGREEMENT

# Pan Am strike nears settlement

Gulf, or caused problems to civilian is believed to be used by Iran to

The Eastern Star was hit 90 miles A speech given by Ayatollah Ru-south of Kharg Island and was said hollah Khomeini to mark the Irani-

to be shipping water. There was no an New Year hinted of a wish to news of any casualties. The vessel bring the war to an end.

cent good.

BY WILLIAM HALL IN NEW YORK

reached a tentative agreement with its striking ground crew, opening the way to settlement of the longest strike in the airline's history.

Mr Robert Brown, the federal mediator who was brought in to help to solve the 24-day walkout which has grounded over half of Pan Am's fleet, announced at the weekend that a tentative agreement between the airline and the-5,800 striking members of the transport workers' union had been

Details of the proposed settle-ment of the first big strike in two decades at Pan Am, will not be re-leased until the deal has been ratified by the members of the union. It was unclear yesterday whether the 5,800 mechanics and baggage handlers who have forced the air-line to cancel most domestic U.S.

BY RICHARD JOHNS IN LONDON

IRAQ RESUMED air strikes'

eainst Iranian oil traffic yester

day, ignoring a publicised decision by Tehran to cease shelling towns

after a brief hill in attacks by the

two sides against centres of civilian

There was no immediate response by Iran to the missile at-

sponse by that the missie at tacks on two vessels in the vicinity of Kharg Island and one on the heavily fortified terminal itself, al-though last night Iraq said Basra and other border towns had been

A statement issued by Iran's war

information headquarters before

the Gulf strikes said that Iran

would retaliate "with full force" if

Iraq attacked any Iranian towns -

whether on the border or further in-side Iran – or merchant ships in the

terday hinted at the possibility of a modest increase in the public sector

borrowing target next year to per-

mit larger tax cuts, provided that

He said that, after the past year's problems of the coal strike and the

strong dollar, it may be that "as we

sail into calmer waters there is

room next year for some adjust-

While refusing to discuss any fig-

ores, Mr Lawson said: "There might

be room for some slight adjustment

in the monetary/fiscal policy mix."

A tight monetary policy might, be said, be combined with "a slightly

the inflation rate was declining.

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

tional operations would call off their strike immediately.

One local union official said that the settlement did not protect some employees facing diamissal, or deal with the company's right to hire part-time workers.

The transport workers' strike has

been the most serious of several labour disputes that the airline has faced recently as it struggles to cut costs and compete with the cut-price airlines which have been growing rapidly after the deregula-tion of the U.S. airline industry. Pan Am has lost \$750m over the last four years and has been seeking concessions from its workforce in its battle for survival.

The transport workers went on strike on February 28 after rejecting a proposal from the company that would have increased wages by 20 per cent over three years, plus an

Iran reprisals threat fails to

deter Iraqi attacks on Kharg

The vessels struck in the Iraqi

raids were the 126,469-ton Volere

raids were the 126,469-um voiere owned by Eraclide SPA, part of the Naples-based Lauro shipping group, and the 51,804-ton Maltese-owned Eastern Star, They were the

Eraclide said in Naples that none of the crew of 30 on board the Vo-

lere, which was sailing from Kharg

Island to South Korea, was injured

The company gave no detail of any damage but revealed that the super-tanker was bound for a different

Gulf port, presumed to be Dubai, to

take on supplies.

The Eastern Star was hit 90 miles

UK may raise borrowing target

MR NIGEL LAWSON, the UK 1986-87) if circumstances permit." cent of those polled regard the bud-

sised that this was only a possibility

and the scope for adjustment would

be modest and dependent on infla-

pled with a warning of the need to keep "a tight control on public ex-

penditure. That is the crucial and

critical factor which will determine

The hint about possible future re-

laxation was presumably intended in part to reassure Conservative

supporters after the mixed recep-

A Market and Opinion Research

International survey conducted last

tion to last Tuesday's budget.

the scope I have."

His guarded remarks were cou-

tion being on a downward path.

to allow larger cuts in taxes

first confirmed strikes on Iranian Press.

airline traffic.

oil traffic for aweek.

bonus for all other employees negotiating further work agreements.

The increase included a 14 per cent pay rise that the union had foregone in 1982 when the airline cross the picket lines. was believed to be on the verge of

time employees and create a two-tier salary system to pay new em-per cent of its regular daily flights ployees as much as 50 per cent less and was hoping to be flying more than the existing workforce. When the union went on strike, today.

Pan Am's chief executive, Mr Edward Acker, said that the union had worfully failed to recognise that Pan Am cannot compete in a low-cost, deregulated environment under the burden of archaic work to burden of archaic work to burden of archaic work to burden of archaic work to burden of archaic work to burden of archaic work to burden of archaic work to burden of archaic work to burden of archaic work to burden of archaic work to burden of archaic work to burden out to burden ou rules and unrealistic compensation

The strike initially grounded not ag most of PanAm's flights as other 'airline

transport crude to Aden's refinery

and return with refinery products.

The raid on Kharg Island, the

according to "shipping sources" in

Bahrain in radio contact with the

terminal and quoted by Associated

Iran'a declaration that it would refrain from attacks on Iran popu-

lation centres - which in practice

have involved the shelling of Basra

and the launching of ground-to-ground missiles against Baghdad – came amid signs of a more concilia-tory attitude towards a settlement of the 4%-year-old conflict.

The poll also puts Labour narrow

by ahead of the Conservatives, at 39

per cent against 37 per cent, with the Liberal-SDP Alliance at 32 per

cent. It is the fourth recent survey

which has put Labour either neck-

and-neck or slightly ahead of the

On Saturday Mr Roy Hattersley Labour's deputy leader, claimed

there was now visible evidence that

the tide had turned for the party:

The Government now intends to

counter-attack over its employment

record. Mr Lawson claimed yester

PAN AMERICAN Airways, the fi-nancially troubled U.S. airline, has tional operations would call off bonus for all other employees nego-picket lines. There have, however, ing support as first the pilots and

> Before the strike Pan Am was carrying around 38,000 passenger. The workers had also rejected a a day on some 400 flights to cities in management proposal to hire part the U.S. and overseas. By last week,

> > While the proposed three-year prospect of further labour-disrup-tions in the near term. Pan Am's 6,000 flight attendants are threatening to strike on April 1 if they can-

norrow, to discuss secret plans for reducing and modernising the alli-ance's stock of short range nuclear eanons in Europe

The centrepiece of the meeting is the highly confidential report by General Bernard Rogers, Nato's su-

seen so far by fewer than ten people, is believed to recommen great detail, how Nato can give practical effect to the decisions that defence ministers took 18 months ago, in Montebello Canada, to re-duce Nato's battlefield muclear

and 35 per He accessed the officials who sug who accepted the official recommendation, of acting for political

for the military facts involved. In the light of these criticisms defence ministers are anxious to see this week, what reductions Gen Rogers himself recommends. His report is the result of a five-year study which be pointedly refused to

It is suggested in Brussels that while the Rogers report will prob-ably accept the reduction of 1,400 weapons it will lay great emphasis on the need to modernise the arsen-

has become increasingly clear that the use of so-called battlefield ins-clear weapons as part of Nato's naclear deterrent would be less and

Among the first weapons likely to he withdrawn are the atomic demolition mines introduced in the 1950s. No overall figure of battlefield weapons has ever been officially published but others to be with-drawn include the Nike Hercules anti-aircraft missiles. These are due to be phased out by the early 1990s.

# Nato chief on arms

DEFENCE MINISTERS of 14 Nato

gested the reduction of acting unscientifically, thus by implication accusing the defence ministers, reasons only, without due regard

Ministers had pledged that the new U.S. missiles would not mean a

However, officials maintain that uch a decision was overdue since it

# to reveal secret plan By Bridget Bloom, Defence Correspondent, in London

seepons, from their present total of 6,000 to 1,600. The decision to reduce the battlefield weapins, which range from ar-tillery shells and mines to short-range rockets, has been controver-sial within Nato.

Gen Rogers, recently declared that reducing the stockpile by 1,400 weapons was a "high risk" policy.

speed up after the Montebello deci-

als which remain.

The Montebello decision had

clear political motives since it was made in October 1983 only weeks before the new U.S. cruise and Pershing II nuclear missiles were deployed in Britain and West Ger-

net increase in Nato's nuclear warheads in Europe.

### more relaxed fiscal policy than im-plied in the Red Book (public-sector week indicates that four fifths of voday that his budget would have "s significant impact on job pros ters believe the budget will not reborrowing of £7%bn (\$8.85bn) in duce unemployment, while 49 per Rapid deal on Ulster ruled out

Continued from Page 1

cles were overcome. "Failure is always possible until success is actually achieved," he said.

Mr Nicholas Scott, deputising for

Mr Hurd over the weekend, described the newspaper story as "a substantial over-eating of the pudding The main difficulty, as Mr Scott made clear, was the precise role the Dublin Government should

play. Mr Scott, speaking on Irish radio, repeated the British Government's view that there could be no execu tive role for Dublin in the affairs of Northern Ireland but that there was scope for improved consultation

The Irish Government and the main nationalist party in Northern Ireland, the Social Democratic and Labour Party (SDLP) are both be-

lieved to feel some sharing of sover-

eignty is essential, if the Catholic Mr James Molyneaux, Official minority is to give its full support to Unionist leader, said he also be-Northern Ireland institutions, espe-cially in the security and judicial

The SDLP leader, Mr John Hume, said speculation was dangerous in that it raised fears which might not be realised and hopes which might not be fulfilled.

The speculation brought hostile Unionist reaction, especially from the Rev Ian Paisley, leader of the Democratic Unionist Party. He said there could be no role for Dublin in the affairs of Northern Ireland. If some shoddy deal is patched up to please the Republic and buy off the SDLP and forced on the Unionist people, it will not stick. We will not have it and will resist it with every-

thing we have," he said.

lieved discussions were under way "to unhinge the Ulster people" but be did not believe Mrs Thatcher would allow any tampering with Northern Ireland's constitutional position and advised Unionists to

His sentiment was echoed in a different form by the former Northern Ireland Secretary, Mr James Prior, who said Mrs Thatcher was someone absolutely committed to the unity of the UK and Unionists had nothing to fear in that regard. She would expect Unionists to cooperate fully in sensible measures towards peace, and this could best be done by enabling the minority to play a full part in the internal government of Northern Ireland.

# Paris bourse plans

ment about FFr 200m a year in lost revenues, officials calculate.

stockbrokers the Government is al- kers saw their turnover increase by so increasing the size of the dis-counts brokers can offer on their over 1983, favours the gradual commissions. For share transactions under FFr 2m and bond trades under FFr 10m, the current limit on discounts is 27.5 per cent. This celling will now be raised to 35 per cent

Many operators on the bourse acshares and FFr 10m for bonds, bro- Left took over in France.

THE LEX COLUMN

# A dark gleam in the gold fields

Last week the old gold dog turned on his termenters. The gold price has dozed for two long years, dis-turbed only by casual kicks from bullion dealers selling short, and some people had forgotten that it still had a few teeth. After a week spent frantically unscrambling short positions as the gold price touched a two-year peak of \$350 an ounce, many traders were sporting

In the bullion market, past price movements are scarcely easier to interpret than the future; and chasinterpret than the future; and chastened tradens were prodigal with signals they had missed. During its four-month stay under \$300, gold attracted surprisingly strong physical demand. Any excess could be covered through short sales on the futures enchanges – although that was only storing up trouble for later on. Even without Mr Volcker's uttrances on the value of the dollar. or concern about savings banks in the State of Ohio, the market was vulnerable to a rally; inevitably in a commodity so dominated by techni-cal analysis, everybody's chart points turned out to have been the

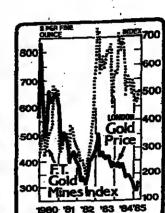
same.

Last week brought to mind the last bear-market rally which began in the summer of 1982; as well it should, with a \$300 base price and the U.S. thrift industry playing the same roles. But the last rally evaporated because of the very high rates of return on dollar investments; and only the wildest gold bug would sur-mise that U.S. savings institutions were about to vanish in a banking collapse or real returns shrivel in a fiercely inflationary environment.

But gold investors, of all people, are trained to believe that when a tyrant begins to weaken there is unrest throughout the empire; even the Swiss, who sold into the last rally, show signs of wishing to hedge large dollar holdings.

With the gold price closing out the week in London at \$315.50, many will claim that bullion has frond a new level, above rather than below \$300, where it can attract physical support in due time: radeed the fire price paid by Italian jewellers has been stable since 1982 as, no doubt, has been the number leave call options wildly uncovered

distress sales from South America



have been shaken out, let alone the winnowing of krugerrands from an increasingly unhappy U.S. farm belt, the apparent lack of supply from the Soviet Union is a puzzle.

Having closed their favourite out-let in Zurich, the Russians are thought to be unwilling to sell in quantity below \$400 an ounce. In any event, this year at least they have a more adequate grain harvest behind them, and less pressing need for dollars, despite the poor price they have been getting for their oil.

The sudden revival of bullion has quite reversed any effect on gold shares from the South African budget, which understandably took another stab at the windfall profits the mines enjoyed from a collaps-ing rand. The increase in the sur-charge will hurt those mines that were laggard in completing their canital expenditure during the period of large rand-denomina its; but those investors who find gold too prone to slumber without generating income do not seem to distinguish much between mines.

The sector took off in the summer of 1982 and has remained at high vels, confounding those who fix only on the dollar price of the metal. It has easily outperformed bul-lion in either direction but is increasingly supported by liquid American gold funds seeking a way in. These probably now own nearly 50 per cent of the Bosting equity, while the mining finance houses must keep up holdings to maintain

eave call options wildly uncovered the current gold price scarcely stein holding foundations. However or a week or two.

Wild factors on the supply side of historical risk premium of over with the additional merit of not get and the hard-currency harvest re- bloodshed in South Africa, the point become the done thing for UK takequired by the Russians. While it is sharper still But South African over hids to be made through indimay be too much to credit that the yields are still a few points ahead of rect and inscrutable foreign vehi-last of the debtor country hoards the North American gold sector. cles.

Should the rand recover in the course of the year, which probable requires a return of political confi-dence as well as a further slippage in the dollar, then foreign investor-will enjoy an uplift in their divided income, particularly from low-cost producers. Foreign interest could then compensate for a strategic enit by South African institutions - a luctant investors in the sector to be gin with, dragged in by exchange controls

Given the current pressure for U.S. holdings are scarcely a source of stability for mining shares, vola-tility is perhaps their most reliable.

### Alfayed/Fraser

After all the shenan last eight years, it must be a relied to shareholders in House of France to see the hard print of an offer that they have no reason to teine As Fraser's valedictory profit estimate confirms, the 400p a share offered by the Alfayed vehicle values Fra-ser at 22 times last year's earnings scarcely cheeseparing terms. Fume as it may, even Lourho will presemably decide - like any other small shareholder - to take the Allayed

Apart from Fraser's profit esti mate, itself no surprise, the offer document is exceedingly short or information of any kind. Although there is no need for shareholders to worry over the more existic uses-tions raised by Lonrho, neither are they told anything new about the Al-Fayed family finances, or stany rate nothing of substance.

Thus, questions of the ownership and solvency of Alfayed Investment and Trust - the UK company actially making the offer - are settled by reference to its parent in Liech-tenstein, about which little is said other than that the Al-Fayeds own

To set out a balance sheet for the IK belicle is a meaningless cere-mony sthrowing the credibility of the offer back apon the sterling as-surances of Kleinwort Benson, a bank which has itself in the past and splendour of Yemeni weddings.

At the very least, traders will be
less keen to sell the old dog short or

the better mines of 6-7 per cent at beneficial ownership of Liechten-Prospective dividend yields on been known to worry about the reminder of the cyclical nature of Trade and Industry - it should not

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World Weather

Continued from Page 1 encourage capital increase opera-tions, including the abolition of the counts freely; while on transactions I per cent tax on such operations. over FFr 60m there will no longer This measure will cost the Govern- be any commission.

To enhance competition among and eventually to 40 per cent.

Government officials argue that the current euphoric atmosphere of the French bourse, where stockhroderegulation and modernisation of the domestic markets.

knowledge the irony of the fact that the market has never undergone so many changes and enjoyed such On transactions over FFr 2m for bullish activity as it has since the UK air travel is recovering strongly from the recession and regional airports are sharing in the expansion of services and new investment now taking place

# Strong growth expected

By MICHAEL DONNE Aerospace Correspondent

Alfayed/Fraser

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But the second second

THE DEBATE during recent months on how to expand air-ports in the London area to meet the expected growth of air travel through to the end of this century has also highlighted the development plans of the large number of regional throughout

Many of these, concerned at the prospective beavy expenditure planned for the London and South-East, have made it plain that they, too, would like more support and encouragement from the Government, and the air transport industry, for their own ambitious expan-

The UK has in all over 140 "airports" licensed as such by the Civil Aviation Authority, although there are many more "airfields" of all kinds, in-eluding military alrields. Broadly, the definition of an "airport" is a place that is available for, but not necessarily used by, public service airports will prove to be of air transport, either on a value, scheduled or non-scheduled. It is undeniable that the

"Regional" airports are generally taken to include all those outside London and its immediate environs—although sirport in its own right. mine where new services should Some of these regional air- be introduced, especially for ports are little more than mere international operations, and as strips (even just the beach, as a result they have tended to opt goes up to such big inter-mingbam and Glasgow, for national airports as Manchester, example.

Glasgow and Birmingham,
Some of the regionals focur
losses, some make substantial
profits. Some are owned by
local authorities, some by the British Airports Authority and the Clvil Aviation Authority, and some privately. All, in some way or another, make some contribution to overall UK public service air transport.

### Catchment areas

It has been suggested during the recent controversy over how to develop the overall airports pattern that the UK as a whole is in fact over-endowed with such places, given the country's dense surface road and rail transport system, But the opposite view, held by many in aviation, is that as alr travel of all kinds — scheduled and charter, business and leisure— expands through the rest of this century, even some of the in aviation wish to see ex-smallest and remotest of these panded, in addition to any

It is underlable that the "catchment areas" of many of these airports overlap significantly, so that in many parts of the UK, travellers already have a choice of situations from which to start or end their there are some who regard which to start or end their 66m passengers, of which most the distribution, for example, whose journeys by air.

(about 46m) were handled by industrational accountries to determine the court of the distribution of the di

This trend seems likely to continue, especially sloce it has already been demonstrated in oir transport that frequency generates its own demand—the more air services that exist from a given airport, the more traffic it is likely to attract (albeit perhaps slowly), thereby in turn giving rise to demand for more frequencies and ser-vices, and so on.

The air services now develop ing throughout the regions en-compass many different types of operation — large, trunk-line operations linking major cities

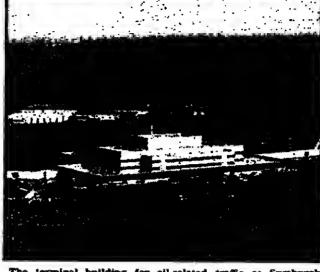
of this survey, and that many in aviation wish to see exgrowth that may occur in Lon-don and the South-East (or, according to some extreme viewpoints, in place of expan-sion at the latter places).

Collectively, for 1984 as a whole, the UK airports are estimated to have handled well over



A de Havilland (Canada) Dash Seven of Brymon Airways at Plymouth Airport. Below: an 80-seater F28 operatiog between Amsterdam and the Channel Islands by the Dutch airline, NLM CityHopper. The two pictures show the wide diversity of facilities available to regional airlines





The terminal building for oil-related traffic at Sumburgh Airport, Spetland. The airport has been developed by the Civil Aviation Authority over the last five years at a

for the regional airports them-

Overall, traffic growth in the regions compared with the previous year was at a much lower rate than the 10 per cent re-corded at the London area air-ports, but some individual air-ports did much better than with each other or with London using jet airliners, down to small "local service "operations often involving little more than one or two light aeroplanes.

The this entire wealth of air-serving over 16 per cent in total passenger traffic, to over 6m.

The latest growth forecasts, and the latest growth forecasts, and the latest growth forecasts.

The latest growth forecasts, issued last July by the Department of Transport, indicated that, by 1980, total UK air traffic would amount to anywhere between 80.1m and 100.8m pas-sengers a year (the "low" and "high" forecasts), rising to 93.7m-133.6m by 1995, and fur-ther to 105.8m-172.8m by the year 2000. The very wide span of the DoT's forecasts indicates

industry as volatile as air trans-

and Luton), leaving around 20m the traffic handled at regional for the regional airports them-airports (that is, those airports outside the London area) is forecast to amount to between 25.5m and 34.3m by 1990, rising to 28.8m-43.7m by 1995, and

further to 31.7m-54.8m by the

end of the century.

The forecasts were made earlier last year, for publicanot take account of the strong continued growth that emerge in the latter part of 1984, and which has been continued so far into 1985.

This trend, if sustained, indicates that the ultimate growth is likely to be closer to the casts, and that airport authoriplating investment in new faci-lities and services would do well to take that into account in pre-In spite of some problems in

sion, and can expect to continue

In order to meet it, many regional airports are already undertaking substantial investmeet programmes to improve the facilities they offerprimarily runway extensions and terminal building improvemems, and the associated infrastructure facilities, such as car

### Higher spending

Estimates prepared by the Chartered Institute of Public Finance and Accountancy show that the 23 airports in the UK owned by local authorities (covering such major airports as Birmingham, East Midlands, Leeds/Bradford, Luton, New-castle and Manchester) are collectively spending up to ebont £41.5m, during 1984-85 on new facilities to meet expected traffic growth.

other sources (one such being EEC development funds which some airports have successfully

If spending on other regional airports (such as those owned by the British Airports Authority itself, the Civil Aviation Authority and other, private, owners) is included, overall outlays on regional airport expan-sion in the current financial year is likely to be well in excess of £50m.

> Thus, expansion in air travel seems inevitable, and many regional airports are already taking steps to meet it. Two major questions remain un-answered—indeed, they are probably impossible to answer at this time.

One is whether the regional airports as a whole will get what many of them argue should be a fair—that is, bigger—share of total future UK air ndustry as volatile as air trans-traffic is rising and the Much of this cash comes out —share of total future UK air regional airposts are already of the government-controlled travel growth. The other is Within those overall figures, getting a share of that expan- local authority spending alloca- whether the allocation of finan-

Scotland: 100 many air-ports, too few passengers. Dundee: success story. Highlands and Islands:

CONTENTS

Britain's sixth stays in the top four. Cardiff and Bristol: rewards for local govern-

to popularity.
North West / Yorkshire:
leisure market expansion North East: Newcastle helps to revive economy Birmingham / East Mid-lands: Both airports plan

South East: Waiting for the green light, South West: Plymouth's Norwich: Hope for new

Stolport: services for the Air services: small airports

change the pattern ..... Philip Hunt:

Editorial production: Arthur Dawson.

eial resources for regional air or even fair by comparison with the substantial sums it is proposed to spend on the development of airports in the London area, and if not, what could or should be done to remedy that. Much bas been made over

recent months of this so-called North-South divide in airport development policy, with the "Consortium of the North," representing many regional airports but primarily led by Man-chester, arguing stroogly that much of the cash it is proposed to spend on London's airports (Heathrow and Stansted) would be better spent in the regions.

This argument is based largely on the claim that the regions could, and should, be encouraged to cope with a far greater share of all future UK air traffic, and that by continuing to derive the hells of all for the continuing to derive the hells of all the continuing to derive the hells of all the continuing to derive the hells of all the continuing to derive the hells of all the continuing th ing to devote the bulk of all

CONTINUED ON PAGE 8

# FROM · MANCHESTER · IT'S · SO · EAS YOUR-TRAVEL-AGENT-WILL-TELL-YOU!

# **STOP PRESS NEW SCHEDULED**

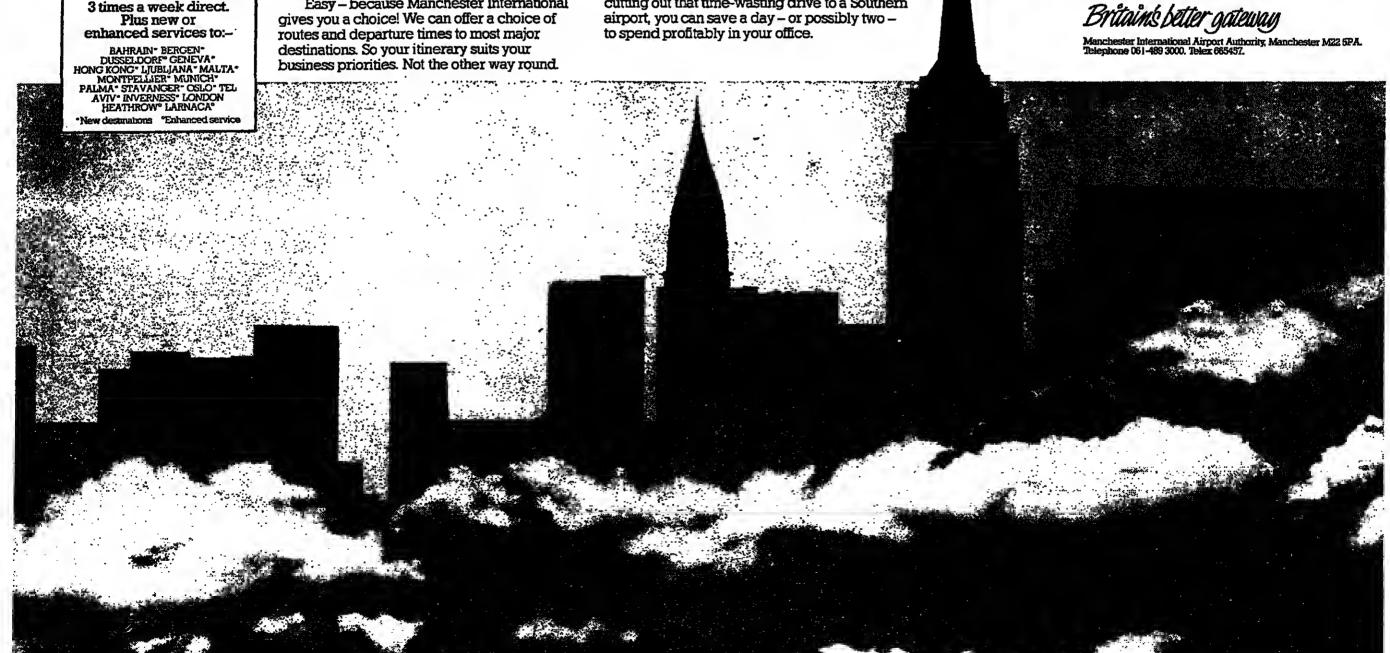
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EASIEST OF ALL - because the motorway runs practically from your front door all the way to ours. You'll be here in next to no time. By cutting out that time-wasting drive to a Southern MANCHESTER INTERNATIONAL AIRPORT



# Sources of passengers in a typical 100 seat aircraft on an international journey from London in 1984. EU CO EC (EE) E III Traffic to and from London es a percentage of total traffic at seci **100 1009** KS 100

The Charts, prepared by the British Airports Aothority, from Department of Transport and Civil Aviation Authority figures, show the volume of traffic flowing from regional airports to London, it represents only a smell proportion—6.2m—of the overall total of 45.4m domestic and international passengers handled in the London area last year, the majority of the traffic being generated by the South East "magnet" liself, or internetional transfer traffic

# Too many chasing the few

### Scotland MARK MEREDITH

SCOTLAND HAS an airport problem. In the central belt where about 4m of Scotland's 5m people live, there are 100 many airports with too few passengers and cargo.

Every year letters to Edinburgh and Glasgow newspapers suggest that what Scotland really needs is one big airport smack in the middle of the country within easy reach of most recoile

Not only is there a surplus of airports. Scotland is having dif-ficulty asserting itself as an international destination for air travellers. An estimated 82 per cent of visitors to Britain have destinations in the South-East of its difficult making a strang so it is difficult making a strong case for big international carriers to develop a base in Scot-land rather thao conceotrate their traffic through Heathrow and Gatwick airports.

Any development of Stansted airport north of Loodoo will international links through Scot-

The greater part of the traffic

British Airways, British Mid-land and British Caledonian, compete for the daily traffic to and from the south-east.

Scotland has become im-portant as a feeder to London airports, but promoters of Scot-land's airports would like it otherwise. Edinburgh, Glasgow eod Aberdeen also act as hubs for smaller aircraft brioging in passengers and to a lesser ex-tent, cargo from the Highlands and Islands. Attempts have also been made to provide domestic links from Prestwick.

### 11 customers

Glasgow Airport has 11 airline customers. In addition to the malo UK air lines, users include KLM, Icelandair SAS and Aer Lingus. Among inter-national destinations are Amsterdam, Copenhagen, Dublin, Dusseldorf, Geneva,

Parls, Reykjavik and Stavanger. The Highlands and Islands are well-served and include such places as Benbecula, Campbeltown, Inverness, Islay, Skye and Lerwick.

Edinburgh Airport carriers include Loganair, Brymon and most leading UK fivers. Inter-national flights go to Amster-dam, Dublin, Frankfurt and Paris while domestic destina-tions include Belfast, Birmingfrom Edinburgh and Glasgow tions include Belfast, Birming flies to London. Three airlines, bam, London and Manchester.

Stavanger and a wide range of domestic flights.

Like airports in most parts of the Western world, Scottish airports excite political and en-

airports excite political and environmental passions.

The centre of the latest of many looks at the shape of Scotland's air traffic has been the review of Scottish lowland airports policy by the Ministry of Transport. The review, to be published shortly, could help decide the future of Britain's sleeplest international airport. sleeplest international airport, Prestwick, in the south-west

near the Ayrshire coast.
Compared with the 26m passengers passing through Heathrow airport in London last year —and the number is rising each year—about 109,000 people landed or took off from Prestwick and the number is falling.

Prestwick is meant to be the Transatlantic gateway for Scot-land but only two scheduled carriers, Northwest Orient and Air Canada use It along with a number of charter flights.

British Midland's epplication, turned down by the Government but still porsued, to fly transatiantic flights from Glasgow alrport, bas stirred up the issue again. Northwest Orient and Air Canada bave made it clear they will want to move to Glasgow if British Midland are able to base their flights to North America there.

The possible expansion of Glasgow to take wide-hodied jets has angered environmentalists along with Prestwick supporters. The runways and apron at Glasgow would have to be extended to take big transatlantic carriers with, say, West or Mid-West destinations. At the moment hig lets using Glas-gow have to reduce their fuel weight for take-off and this re-

duces the scope of destinations. The lobby for Prestwick con-tinues. The airport is in the parliamentary constituency of Mr George Younger, the Con-servative Secretary of State for Scotland. He along with Mr George Foulkes, the Labour MP from the neighbouring constituency, have fought hard to retain Prestwick. The British Airport Anthority which owns Prest-wick along with Edinburgh, craft movements Glasgow and Aberdeen, has pro-per cent increase.

Aberdeen Airport has many moted the Ayrshire airport Scandinavian flights, including abroad as a first stop for tour-Bergeo, Copenhagen, Oslo and ists visiting Europe.

The future of Prestwick as one of the new freeports in Brilain dapends very much on the continued use of the airport by international carriers. The delay is deciding the fate of the air-

10.086 tonnes carried through the airport last year (up to the end of January) showed a 3.6 per cent decline on the previous million capacity remains sadiy

Glasgow shows e promising trend with 2.7 million passen-gers in the year to the eod of January and a capacity around three million. The year's traffic was up 13 per cent on the pre-

### More passengers

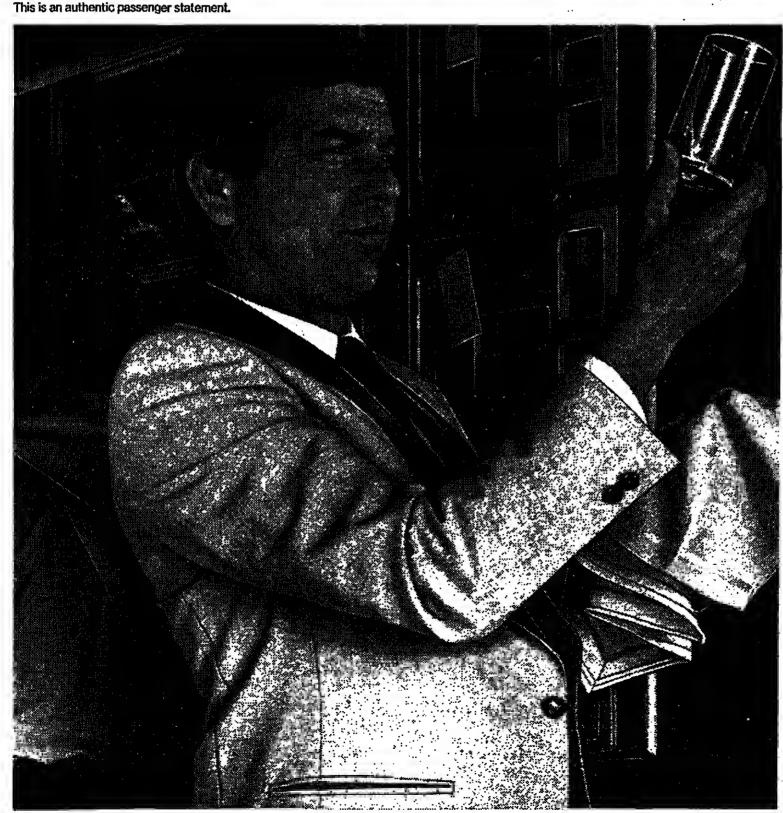
Edinburgh, a 45-minute car or train drive from downtown Glasgow, has also seen more passen-gers. There were 1.5m in the year ending January, a 17.7 per cent rise. The terminal has a passenger capacity of 2m. There is very little cargo traffic. The contraction of holiday flights this year could see the loss of some charter traffic with a conceotration on Glasgow.

Aberdeen is Britain's third biggest airport after Heathrow and Gatwick thanks to its importance as a hub for the air-links to offsbore oil Installa-

Oil traffic has determined the shape of the airport. The use of long-range helicopters has made the use of Sumburgh air-port in Shetland only necessary as a bad weather stopover point for most oil companies. This had led to the cancellation of most fixed wing shuttle services to Shetland from Aberdeen but a corresponding rise in heli-

copter traffic. More than 660,000 helicopter passengers used the heliport beside the main airport in the year ended January 31 and air-craft movements showed a 6.4

# "People make airlines and this is a clear example of it."



Lufthansa

### Dundee's success story

A SMALL, success story for Scotland's airports has been the growth of Dundee over the past two years. The airport, run by Tayside Regional Council and the only local government - owned and operated airport in Scotland, is playing an important part is playing an important part in promoting industrial recovery in Dundee.

The airport is the only one in Britain located in an enterprise zone which Mr Berry Rurn, the airport manager, believes offers unique opportunities for aviation-orientated informatic. Dundee suffered from the decline in the jute industry

as well as the evolution from electro-mechanical to elec-tronic industries. The Dundee project, now under way, com-blues urban renewal with professional industrial pro-motion to bring in new bigh technology industries. Easy access by air without a road trip first to Edinburgh air-

port will pay off, the promoters hope.

According to Mr Hnrn, twice daily weekday twice daily weekday scheduled service to Heath-row, Manchester, Carlisle and Aberdeen has increased passenger throughput at the small airport over two years from 8,000 to 23,000.

# **CAA** proves ambivalent about its role

Highlands and islands

MARK MEREDITH

to sell off Britain's zirports to the private sector have stumbled in the North of Scotstumbled in the North of Scot-land. The six Highlands and Islands airports operated by the Civil Aviation Authority (CAA) were put on the market last year and, after only one bid and a number of inquiries, they were taken off again.

they were taken off egain.

The airports Tiree, Islay, Benbecula Wick, Inverness and Sumburgh, are operated by the CAA. A seventh airport, Stornoway in the Western Isles, belongs to the Ministry of Defence but civilian air traffic is run by the CAA.

The CAA is not in the business of remning sirports in the rest of tha country where its responsibility is air traffic control. But when the Department of Trade looked about for someome to run the Highlands and Islands aerodromes in 1972, they burned to the in 1972, they turned to the only other people on the job,

The CAA are publicly ambivalent about their role in the North of Scotland. They would prefer to stick to their

options.

The economics of these air

The economics of these airports will cause the most beadeches. They lose between them over £3m a year and there is a limit to the amount of cost savings that can be made.

The small airlines operating to some of these airports also require subsidies from local authorities to stay in business.

The closure of these airports does not seem to be a real option either. This is because of the vital sociel service they provide to the islands. To stop the sar links to Benbecula and Tiree would leave these communities dependent on ferry services and, in the view of local authorities, harm hopes of economic development.

### Prime message

The intrastructural role of the The infrastructural role of the airports to the economies of the North of Scotland has been the Prime message of the Highlands and Islands Development Board, the industrial promotion hody for the Highlands.

The new impetus for oil exploration in the northern North Sea and dnto the Atlantic has brought some, but not moch, promise to these airports.

Sumburgh on Shetland is a

The CAA are publicly ambivalent about their role in the North of Scotland. They would prefer to stick to their primary function, running air traffic but concede that over the years a loyal and able workforce has been built up at these small airports.

The latest Department of Transport review of Lowiands much of the use for the areod to look at the other Scotlish of the time.









three of the early Channel Islands aircraft, Saunders-Roe

Havilland Heron (29p), together with a present-doy Trislander of Anrigny Air Services (13p) and a Wessex

Flight (9p) (not shown above).

belicopter of the Queen's

Windhover (34p), De Hovilland Dragon Rapide (31p) and De

# Jersey stays in the top four

Channel Islands EDWARD OWEN

AT PRESENT the Channel Islands' three airports are government-run, but the smallest, serving tha 2,000 inhabitants of Alderney, could soon be privat-

While Jersey's airport contriduted a beauthy £1.3m to the Island's general revenue last year, and Guernsey's put o surplus of £141,734 into a ports, building recognity. holding account, Alderney's tiny airport is being subsidised by local taxpayers to the tune of, over £150,000 a year.

The problem at Alderney is that there is virtually only one, carrier, Aurigny Air Services—a pioneer user of Islander and BCal's Alreays' Boeing 757 and BCal's Alreays' Boeing 757.

The heaviest aircraft norm-Trislander planes—and little scope for expanding either resident or tourist traffic.

An offer by British Airports International to take over man-agement at Alderney has therefore been welcomed locally and, is now to be discussed with: Guernsey's government, which is responsible for its small dependency's sirport.

The only challenge to a BAI takeover is likely to come from Aurigny which, with a staff of 25 based in Alderney, sees no reason why it should not manage the airport itself-especi-ally as the airline has had to apply for a second fares in-crease within six months to cover the rising airport charges. With a 14-stand passenger pier and over 35 British and Continental airlines calling there, Jersey is in the big-city league, only recently pushed out of third place among British,

aircraft movements by Aberdeen. Last year Jersey handled some 1.5m passengers. Guernsey, which handled (\$87,000 passengers, has dropped in position because it does not

coming package tour business is bandled on a part-charter basis by scheduled carriers such as Air UK, British Midland, Dan-Air and Guernsey Airlines, Jersey has the same sched-

ally using Guernsey airport are Hercules cargo planes, two of which carried out a major air-lift. of tomatoes during last year's dock strike. The largest passenger aircraft—and the only

passenger aircraft—and the only lets—are F28s operated from Amsterdam by NLM City-Hopper and Dan-Air's BAe 146 flying from Cardiff and Bristol. While Jersey and Guernsey keep their fees roughly in line (both are going up by about 6 per cent from April 1), Jersey claims that its charges are the lowest of any sizeable airport in the British Isles. in the British Isles.

Jersey has a source of reve-Jersey has a source of revenue unique among British alrorts, although receipts have been reduced lately by currency fluctuations. Since Channel Islands air space is outside the control of the UK Clvil Aviation Authority, Jersey is able to cal-lect fees from Euro-Control for en-route meteorological and air control services to aircraft flyairports in terms of passenger ang over the CI zone.

# Easing the burden on ratepayers

**Cardiff** and Bristol

THE FAITH of South Wales and Bristol local anthorities in the future of their municipal the future of their municipal airports, is at last being rewarded. After a number of lean years, charter services are now expanding rapidly, the number of scheduled flight destinations is increasing, and both airports are ceasing to be a burden to local ratepayers.

Cardiff Wales airport ended last year just 13,000 short of the 500,000 passenger mark. Its total of 487,000 passengers, of wbom a record 428,000 started and finished their air journey at the airport, was up 10 per cent on the previous 12 months.

Bristol's traffic meanwhile jumped by nearly 24 per cent to 375,675 passengers in 1983-84 and in the current financial year, it is confidently forecasting a rise to 450,000 passengers.

year, it is confidently forecasting a rise to 450,000 passengers, representing a further increase of nearly 20 per cent.

Financially, Bristol has moved from a small operating surplus three years ago to an expected operating profit of just over flm in 1984-85, while Cardiff has been able to all but clear the large debt burden which arose from its construction of a large-capacity modern modern

a large-capacity mode terminal in the early 1970s. Bristol is now investing some and improve passenger handling facilities and amenities and extend its aircraft parking apron. Cardiff is poised to add. a 720 ft extension to its mainrunway to allow the take-off of thilly-laden fully-fuelled modern. fully-laden, fully-fuelled modern

transatiantic jets.

bave the overseas charter de-partures that have boosted many manland airports' figures, nor — unlike Jersey—many charter flights into the island,
The bulk of Guernsey's in-

uled carriers from the UK main-land as Guernsey with two im-portant additions—British Air-ways and British Caledonian, It these airlines that bring in

ROBIN REEVES

bulk of the traffic growth. Indeed, although at Cardiff the number of charter flight passengers rose by 12 per cent last year, there were in fact 29 per cent more seats available; tour operators were a little over-optimistic obout the growth in demand.
Nevertheless, Cardiff is confident it will handle more than 500,000 passengers this year for

the first time, since additional capacity and destinations are scheduled, notably to Greece, Yugoslavia and Cyprus. Bristol, with 78 tour operators already using the airport for over 300 resorts and destinations in Europe, the Mediterranean and North Africa, is similarly confident.

Equally beartening has been a recovery in scheduled services

after the serbacks of the 1970s and early 1980s, when the reces-sion combined with mounting fuel prices undermined established networks.

lished networks.

British Airways in particular not only withdrew the network of services from Cardiff it acquired with the takeover of Cambrian Airways, but also from its maintainance base at the airport. The subsequent acquisition of the maintenance base by British Air Ferries also base by British Air Ferries also

proved unsuccessful.
At both airports, only Danair subsequently proved able to keep open a scheduled airbridge to the Continent with daily flights to Amsterdam, as well as Dublin and Belfast

But now Euroflight is making a determined effort to reestablish scheduled links with other destinations. It has just politan is running regular services to and from Man-Holiday charter business has chester, Leeds, Newcastle and inevitably accounted for the Glasgow.

# Into the international arena

Belfast ALAN WATSON

THE Civil Aviation Authority's liberalisation of UK air roules has reopened the debate about whether Northern Ireland needs two airports, both of which are state-owned.

The main alrport, at Aldergrove in Belfost, is owned and operated by Northern Ireland Airports, part of a government transport bolding company, It is Brilain's sixth busiest air-port, with passenger move-ments up 13.8 per cent in 1984 to a record 1.6m.

Last year it odopied o new name, Belfast International, on completion of an ambilious £25m development programme heavily finonced by government and EEC grants. New terminal bulldings include a 300-seat To mark the 50th anniversary of Alderney airport—the oldest in the Channel Islonds—the Guernsey Post Office has issued five regional Alderney commemorative stamps. They show these of the active the stamps.

it has become one of Europe's most modero regional airports, with CAA Category Three status to enable all-weather operation and hos won government approval for a final stage in development. About £5m will be spent on further improvements, mainly to facilities for dor, 25tic assengers, the airport's main

Heaviest traffic is to London, with British Airways and British Midland Airways competing pected but will be helped by

A 336 Commuterimer over Shorts main Belfast complex at Belfast Harbour Airport. Short Brothers is o major manufacturer flercely on the Heathrow route and Don-Air serving Gatwick with jets. A further dozen UK destinations are served by a variety of carriers. NLM of Holland flies scheduled jets to Amsterdam and chorter flights serve many European and North American cities.

A 70-acre sile next to the airort was designated os one of Britain's freeports. Its development has been slower than ex-

of small airliners for the world's regional and commuter airlines the creotion of a freight village to handle growing volumes of national and international air freight

Northern Ireland Airports is conceroed about the loss of £600,000 annual revenue 2600,000 through competition from Ulster's second airport, Belfast Harbour, which lies within minules of the city centre. It was opened to commercial traffic in February 1983 by Short Bros., the state-owned aircraft manu- Liverpool; and Spacegrand to the No.tuera Ireland market.

Belfast Harbour is included side

to the inclusion. 175,000 passengers and pro-duced a small profit. Its users are small commuter airlines.

the loM. Blackpool and Tees

in the CAA's deregulation experiment, although the authority it prepared to bear objections

Short Bros. says its main aim is to encourage sales of its 33 and 36-seat commuter aircraft, and 36-seat commuter aircraft, Last year the airport handled lernational. It has excluded 75,000 passengers and pro-scheduled jet services for the Loganair flies to Glasgow, Edin-burgh and Manchester, Manx Airlines to the Isle of Man Care or reduce charges which

# LAST YEAR, SCOTLAND HAD **NORE PEOPLE** HE AIR IHA HE GROUND.

Did the entire population of Scotland ake to the air, along their family ARFROSEN . friends? Not exactly. But there are certainly a lot more flying Scotsmen than you might think. POPULATION 5.2 MILLION

Although Scotland can hardly be described as over-populated, there's no shortage of passengers for its four major airports.

Aberdeen, for instance, has the distinction of being the world's busiest heliport and a vital link for the oil industry.

> It's not Scotland's busiest airport, though. Glasgow and Edinburgh handle the vast

majority of domestic and European flights.

Between them, they notch up a total of over four million EDINBURGH travellers a year

Then, there's Scotland's airport specially for transatlantic flights (shouldn't

every country have AIR PASSENGERS 6.2 MILLION one?), Prestwick. At the last count, nearly a quarter of a million people passed through on their way to and from North America.

It all adds up to a lot of passengers who chose to fly from Scottish airports.

Maybe Stanley Baxter's not the only one in Scotland who does a good take-off.

THE WORLD'S MOST SUCCESSFUL INTERNATIONAL AIRPORT SYSTEM HEATHROW-GATWICK-STANSTED-GLASGOW-EDIABLAGH-PRESTWICK-ABERDEEN

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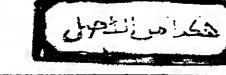
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# British Airways announce the arrival of some interesting new departures.

As a glimpse at some of our new posters shows, British Airways is expanding with 24 new routes to Europe and the Americas. Interestingly, most flights aren't from Heathrow but from nine airports around Britain. From the Channel Islands and the Shetlands, Manchester and Birmingham, N. Ireland and Scotland. With more flights from more British airports, we're living up to our name.

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The world's favourite airline.







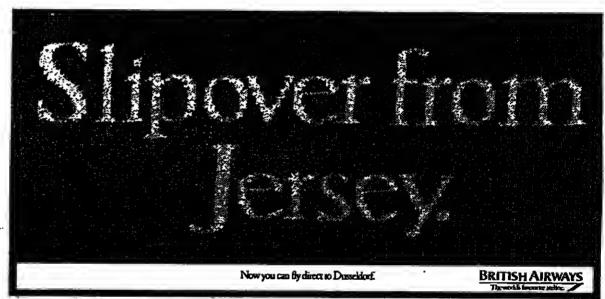


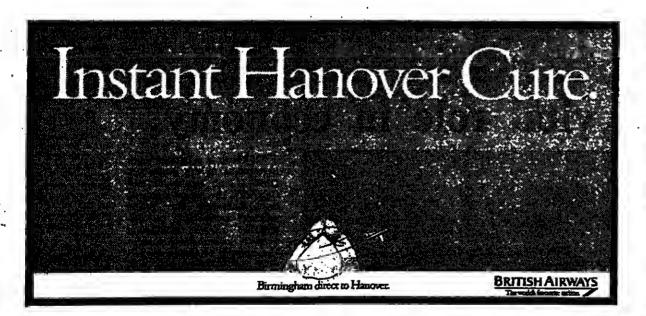
Alsoedinburghrodusseldorfandhanover

BRITISH AIRWAYS















Some 20m people live within one hour's drive and catchment area runs from Midlands to the Border

# Location is the key to popularity

Manchester IAN HAMILTON FAZEY

UNTIL RECENTLY the major flaw in Manchester Airport's argument to be made the second hub of Britain's airways had nothing to do with merit. As Mr Bill Charnock puts it: "We were so innocent that we

believed that merely having a strong case and people wanting to fly in here would be enough. We didn't realise that we also had to do a lot of lobbying and applying pressure."

Manchester's recognition of manchester's recognition of this became clear last year when Mr Charnock was promoted from commercial manager to a new post, bead of external affairs, His job involves marketing the airport to airlines, over-seas promotion, liaison with the travel industry and its repre-sentative associetions, and links with governments and regula-tory bodies in London, Brussels,

and Washington DC.

The first fruits of this more aggressive, face-to-face, approach to the world industry's decision-makers are appearing this spring, with 12 new direct flights to international destinations, including New York, to add to 35 existing scheduled routes. Hong Kong and Bahrain will follow in the autumn, with Singapore among eight new direct routes already planned for next year.

The underlying message is summed up by the airport's publicity chief Ms Dianne Nevin: "We have long since ceased to be regarded as a regional airport. Qantas has been flying two jumbos a week from bere for the last two years. They had enough belief in our case to take e very big risk. The fact that they are still here speaks for itself."

### Market research

What brought Qantas into Manchester was market research. This showed that in 1982 nearly 50,000 people from the North of England went to Australia via Heathrow. But to get a licence to chase this market with a scheduled service from Manchester, Qantas had to let its own market share be attacked by conceding a London-Adelaide route to British Allways

This sort of horse-trading has bedevilled Manchester's development, with international airlines nibbling at the bait but then discovering that the price of scheduled flying from the North would be one less flight into Heathrow or Gatwick.

Officially, Manchester ceased to be merely a regional airport in 1978, when it was given Category A International Gateway status. But that alone was not enough. Mr Charnock says: "The problems have been the limitations of the Govern-

ment's attitude to licences.
Things are changing to a more liberal attitude now. They are beginning to appreciate us as an international airport."

New International carriers will be El Al. Lufthansa and

soon afterwards.

The airport's location is the

Annual freight throughput, already near fibn-worth, should

rise sharply when the new freight terminal, a privately

financed development costing £7.5m, opens its first phase in

September this year. Completion

of the 6.5 hectare complex will be next February. It will have

Its own separate spur from the

The strength of these markets bas enabled Mancbester to finance its own development and

capital spending has been averaging £12m a year, with £18m and £6m going to improving in international departure and arrival areas by 1986.

Many of those arriving pas-

sengers are expected to be American tourists. Ms Nevin says: "People want to see more

of Britain." Traditionally, they started in London and then tried to take in Scotland end possibly the Lakes and the Dales.

U.S. agents are warming to the idea of starting in Man-chester with the Lakes, Dales and Scotland, When we want to

see them recently they were really very excited. "We think the new New York service will

Mr Charnock says: "White international and charter flights

and Industry and the Britisb

If the Government decides

glared across the parapet at de-cision-makers in London and

wondered why its case did not speak for itself. Manchester's re-

alisation that it had to shed its

own innocence will have had a lot to do with it.

**North East** 

MICHAEL DONNE

NEWCASTLE, the major

international airport for the

North East, plays a vital role in the communications and

economic growth of that region. Celebrating Its 50th anni-

versary this year. Newcastle began life as a grass runway

with wooden huts, but is now e major operation, catering for UK domestic inter-city

be very successful."

with the Department of

Overseas Trade Board.

Excited

beginning to appreciate us as an international airport."

New International carriers will be El Al, Lufthansa, and Singapore Airlines. Their scheduled services will add to those of KIM, Qantas, Iberia, Sabena, SAS, Aer Lingus and Cyprus Airways, but there is still a long way to go to be eble to boast a full spectrum

The airport's location is the key to this popularity. It is near the nexus of the M6, M62 and M56, the "time centre" of Britain where most of the country is within a 200-mile radius. A spur from the M56 goes right into the terminal buildings.

There are 20m people within one hour's drive and the airport sees its main catchment area running from Wolverbampton to the Scottish borders, although the motorways also ensure that of world airlines.

Domestically, however, Manchester can boast e wide range of scheduled destinations, with of scheduled destinations, with a very convenient Heathrow shuttle service, four Scottish destinations — Aberdeen, Glas-gow, Dundee and Edinburgh— Belfast and Belfast Harbour, Birmingham, Cardiff, Gatwick, the Isle of Man, Newcastle and the motorways also ensure that it is quicker to get from most of Birmingham to Manchester than it is to reach Heathrow. the Channel Islands.
These routes also have inter-

national significance: the quickest way to Scotland from, say, the commercial centres of Northern Italy, is via Manchester, not London, and the airport is trying to exploit this.
The airport is owned jointly
by Greater Manchester County
Council and Manchester City Council, which run it through a joint authority, rotating the

chairmanship. Being thus answerable to sometimes rebellious local politicians has probably not always been helpful, especially with London's airports in the bands of the state-owned British Airports Authority and inevit-ebly closer to Whitehall and Westminster.

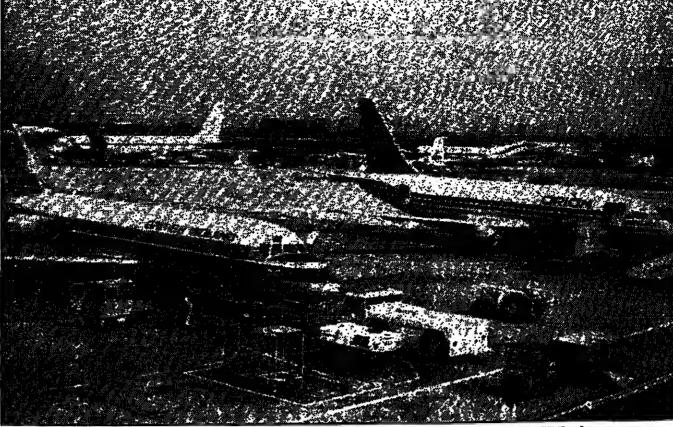
### New services

Although no one claims cause and effect, there does seem to be a remarkable coincidence between the dawn of the new liberal attitude and the Government's privatisetion programme for state industries. For example, British Airways, which had curtailed some direct overseas services before privati-sation loomed—much to the chagrin of many northern busi-ness travellers—is now rushing back to Manchester.

Next month BA starts new scheduled services to New York, Geneva, Munich, Malta and Larnaca. The airline will add Hong Kong and Bahrain in the autumn and Madrid, Lisbon, Oporto, Athens and Cork in have been growing sharply, the North of England had no identity overseas. We have restructured our promotion and have been developing our skill in explaining it, working closely with the Department of Trade One reason why a commer-

cially astute BA needs to nail its colours to the Maochester northern airport's 44-page timethe ways of getting to 186 destinations that cannot be reached directly: in many cases the fastest route Is to use Zurich, Brussels, Paris, Amsterdam or Frankfurt for transit in preference to Heathrow—to the benefit of Swissair, Sabena, Air France. KLM or Lufthansa: not

BA. The figures show no shortage of demand: passenger through-



A British Midland DC9 and an Orion Airways Boeing 737 being made ready at East Midlands International Airport

# Hope of leisure market expansion

North West/ Yorkshire

IAN HAMILTON FAZEY

WHEN Liverpool Airport's new terminal bulloing comes into use a year from now British Midland Airways is going to be £320 a day better off. That is how such the airline will save in aviation fuel by not having to taxi four kilometres each way between the airport's up-to-date runway and its antiquated

date runway and its antiquated buildings.

The saving is so high because British Midland runs four flights a day using F-27s, between Liverpool and London Heathrow. Work on the new £4m terminal started last month. It will open no less than 20 years after the runway that was supposed to secure the airport's future.

"It's rationalisation rather than development." says airport director Rod Rufus. "We were hamstrung by having a two-airfield configuration. Now we shall be getting much more aggressive in our marketing."

Liverpool's old airfield was designed before the jet age—and the present terminals were

and the present terminals were side's regional airport, Leeds-huilt for the traffic demands posed by aircraft like the De Havilland Rapide. The old field is now a giant taxiway to the airport's runway, which cannot even be seen from present even the same way that Gatwick grew on Heathrow's," says Diame Nevin, Manchester's publicity chief. present spectator terraces.

Political squabbling was responsible for the airport's later this year to encourage arrested growth, with Liverpool things further, it should mark the end of the age when, as Mr Charnock puts it, Manchester glared across the parapet at degree arrested growth, with Liverpool City Council struggling to afford running and development costs at a time when Merseyside's economic struggling to the control of t ture was starting to totter into its now-familiar state of near-

will just have a foothold on the future in time for the council's own abolition, when Mersey-side's five district councils are expected to take over. Mr Rufus says: "We hope that the sword of Damocles has finally been removed after these 20 years." But those hopes may well

depend on the future attitude of the Conservative-controlled Wirral Borough Council, one of Merseyside's constituent dis-tricts. Urban traffic and the Mersey tunnels are no help in persuading Wirralians to use Liverpool Airport, even for domestic flights. Now that the Mid-Wirral motorway, the M53, has finally been linked to the M56 at Ellesmere Port, Man-chester Airport is no further in terms of time and has many more services.

whether privatisation might be the solution is open to doubt. That might need Government help with the airport's £3m deficit while a private operator chased new markets to get the revenue account into the black.

The key Mr Rufus, however, agrees with the management of Man-chester Airport that what happens there could hold the key to Liverpool's future—and that of Yorkshire and Humber-

Mr Rufus would like to see Mancbester with eight sche-

duled flights a day to North America and a similar volume of other wide-bodied traffic to the Middle East and Far East. This would cause a spillover of domestic shorter-haul andthe key market—package holiday traffic to the smaller

Leeds-Bradford, which last year increased its runway length to accommodate fully-laden large aircraft—previously they had to touch down en route and top up with fuel—could do very well out of such a prospect because it has the proposal extensions of the could do year well out of the could do year well out of the prospect because it has the proposal extensions. 5m people in its regional catcharea. Liverpool has Leeds-Bradford, run with a fair measure of flerce regional

pride by the two city councils of Leeds and Bradford in partnership with the threatened West Yorkshire County Council, is presently undergoing a £23m expansion scheme that includes the runway extension and extensions to the terminal building, due for completion

Its present scheduled destinations include Paris, Amsterdam, Oslo, Dublin, Belfast, Glasgow, Edinburgh, Aberdeen and Cardiff. But the commercial future is seen in the leisure market.

is seen in the leisure market. This summer 21 overseas destinations will be served, including one which few regional at summer tourists who would not alter the sea ferry. Other carriers to Ronaldsway:

Liverpool puts its peckage holiday potential at 250,000 passengers a year but poor terminal facilities have not helped its marketing. However, location has brought some windfalls. The Mersey's microclimate produces more clear days than most other places so that Liverpool is an important diversion airfield. runway was used to prove what is now standard automatic landing equipment, it is technically well up to coping.

Location has also seen the Royal Mail's use of Liverpool rise from eight tonnes of mail a night to nearly 50. The air-Merseyside County Council regional airports. "As long as port is near Britain's geographitook over the airport in 1974 the Government is not daft cal centre and has therefore and looks like ensuring that it enough to develop Stansted, proved to be an ideal hub for

there is a chance of that hap-pening," she says. moving first-class mail about the country.

pool looks like being the deci-sion of the Isle of Man Steam Packet Company to axe its ferry to the Mersey and operate jointly with Sealink from Heysham, 50 miles to the north. Manx Airlines, the island's only hand hence the search of the search locally based carrier, hopes to pick up at least 13,000 extra passengers a year at a special rate of £20 each way.

of £20 each way.

This will also help the growth of Ronaldsway Airport on the island, which was used by 302,000 people last year. The fuel-efficient Shorts 330 and 360 aircraft—known locally as "flying bread vans"—have proved one of the keys in Manx Airlines' rapid progress into profit in only two years. It runs year-round scheduled services hetween the island and London Heathrow, Belfast, Blackpool, Heathrow, Belfast, Blackpool, Liverpool, Manchester, Glasgow and Dublin,

Spacegrand

add Carduff a present scheduled services between Blackpool, Ronaldsway, Belfast Harbour and Teesside. Blackpool, however, is already

noted as the busiest in the north west for light eviation, with 66,625 aircraft movements an average approaching 200 a day—in 1983. That is likely to rise continuously the airport is also the helicopter terminal for the developing Irish Sea gas fields, with at least 12 flights a

"If there is a further high investment in the South-east

(that is, et Heathrow and Gatwick), the propensity will

be reinforced for international agreements to con-

airports rather than encour-

age growth of traffic to and

from the regional sources of that traffic. Such concentra-tion distorts the market,"

"Hence, we view with dismay the proposed huge injection of capital in the Southeast in order to provide

for an increase of 15m-25m

passengers per annum in the UK airport system. Given the injection of perhaps half the sum proposed at Stansted, but distributed amongst the exist-

ing UK airports, we believe there could be a considerably

greater capacity generated in the total UK airport system

fight business. Despite the poor volume of business in the charter market (with

some airlines even reducing fleets as a result of low forward bookings for the summer) the IT market at Teesside is holding up,

Overall, however, with the

expected growth of air trans-

port business for 1985, the airport officials believe that it

will be a better year than many originally expected.

have a healthy market, and

share of the traffic coming to the North-east area, of which

look like seeing an increa

Mr Dawson says that "we

A healthy part of the airport's activity continues to be in inclusive tour holiday

says Mr Dawson

at less cost."

# **Airports** to plan for growth

Birmingham/ **East Midlands** ARTHUR SMITH

THE MIDLANDS as British's manufacturing heartland might have been bammered by recession, but its two main adopted see nothing but growth in carge, and passenger traffic.

Birmingham International Airport cisims record business after the opening less than 12 months ago of its new 202m terminal. Investment is pressing ahead with new cargo facilities dinked with the creation of one of Britain's first freeports duty free zone intended to stimulate growth.

stimulate growth.

Similarly, East Midlands Airport on the back of rising traffic is modernising its terminal building and expanding cargo handling capacity.

Birmingham Airport, owned by the West Midlands County Council due to be axed in May 1986, has traded profitably since 1976-77. The cost of the recent £62m development involving interest charges end loan renay. interest charges end loan repayments of around £4m a year was expected to push the operation into a £2m net deficit in the current financial year.

Profitable

"But soaring passenger and airlines use of the new farili-ties will mean a deficit of only around £950,000," Mr Brian Summers, the commercial director, said. He forecasts a return to net nrofit within two to three

Passengers using the airport climbed 8.5 per cent last year to 1.75m—a big rise over the 1m level of fust 10 years ago. The new buildings have facilities to cope with 3m passengers—the throughput forecast for the early 1990s. But the development has been planned to allow for easy expansion to handle up to 5m passengers.

handle up to 5m passengers.

Much of the passenger growth
over the past decade has come
from charter flights which account for around 55 per cent of airport business with operaters such as Air Europe, Britannia, Orion, Dan-Air and

But Mr Summers maintains that read growth is now heing achieved on scheduled services operated by airlines such as British Airways, British Midland Airways, Aer Lingus, Brymon NLM of Holland, and Barningham Executive Airways.

:Air France plans to return to Birmingham in the summer with daily services to Paris, BA is introducing a new daily ser-vice to Hanover. Birmingham Executive is extending flights Air freight, cut by recession from 4,050 tonnes in 1980 to only 2,210 tonnes in 1982, more than recovered to 4,500 tonnes last year (1984). The old passes enger terminal is being converted for use as a dedicated cargo area with some 13 aircraft stands.

### Real growth

Work is expected to start in June to replace BA's present cargo shed with a much bigger 6,000 sq ft building considered necessary to handle the projected growth in traffic Building work is also dikely to start at the same time on the first phase of development of the 12-acre freeport—a private sector acre freeport a private sector centrate on the South-east

East Midlands Airport, where charter business eccounts for around two thirds of the passengers, expects to handle more than 1m people in the present financial year — approaching double the 662,000 of just a decade ago.
Mr Eric Dyer, the cirport

dir enc. Dyer, the emport dir on, is consident the member of passengers will climb to 1.6m within the next five years—a projection which has prompted investment over the next two years to refurbish and mederniae the terminal build. modernise the terminal build-

The airport, a joint venture between the county councils of Nottingham, Leicester and Derby, plus Nottingham Cife Council, has proved a money, spinner. An operating profit of around £3m in the last maneral warr meant that local rate year meant that local rate payers carned some £2m are interest and other changes.

"Overall profits will be even better this year," Mr Dyer main

### Successful

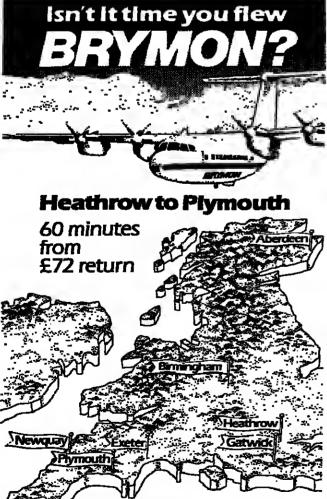
The East Midlands has been particularly successful in gen-erating air cargo and mail-business, which in the mine mouths to the end of January this year rose by more than 65 por cent to 18,291 tonnes.

After the opening recently of a new 40,000 sq ft terminal shed, plans are now under consideration for a specialist cargo apron which would offer advantages over the present system where freight and passenger activities are mixed.

Development of carro handl-Development of cargo handling factities continues apare. Some six to seven acres of new

space will be brought into ser-

# Newcastle plays vital role in economy



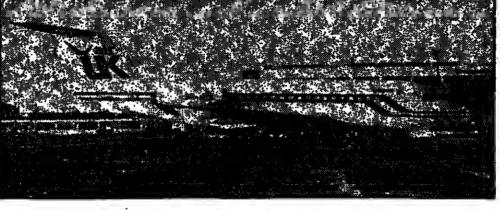
	Birmingham om £56 return	<b>-</b> †
Route	Frequency	Price from
Heathrow/Flymouth/Heathrow	4 flights daily	£72 return
Heathrow/Newquay/Heathrow	4 flights daily	£80 return
Gatwick/Plymouth/Gatwick	2 flights daily*	£68 return
Gatwick/Birmingham/Gatwick	3 flights dailyt	£56 return
Gatwick/Exercer/Gatwick	2 flights daily*	£68 return

*BRYMON* 



the improvements to the term'/11 huriding, now completed, "there is every reason to believe that the airport's profitability will cootinue." More improvements are planned, however, to keep pace with traffic growth.

These include the completion of a two-level pier with associated holding lounges, and the extension of the customs arrival half to accept a new haggage reclaim unit,



A Fokker F-28 operated by Air UK from Newcastle Airport.

to cater for baggage arriving on the larger aircraft now using the airport. It is hoped that this work will be given the go-ahead for 1986.

The airport committee has also epproved the construc-tion of a parallel taxi-way to facilitate the ground movements of aircraft. Although the need for this has been endorsed by the Civil Aviation Authority, government approval for the expenditure still has to be given.

The number of aircraft movements at the airport bas risen from 4,300 in 1954 to almost 31,000 in 1984, while the number of passengers has risen over the same period from 43,000 to 1.24m last year. Newcastle is served by close

to 20 scheduled and charter operators, including several European international carriers from as far afield as Yugoslavia, Malta, Romania and Bulgaria, wolle Wardair, the long-haul airline flying to Canada, also uses the airport. Countries served total 24, with scheduled services to Amsterdam, Bergen, Copenhagen, Dublin, Jersey, Paris, Stavanger and Osle, and holi-

day charter flights te many

others. Teesside, although smaller than Newcastle (it has about 329,000 passengers a year), is nevertheless a focal point for traffic in the region, especi-ally serving Heathrow with frequent DC-9 British Midland Airways services dafly. The majority of this traffic is business travel to London and inter-line (connecting) traffic with international flights at Heathrow, both of

which are of prime importance for the Teesside area, especially at a time of high unemployment in the immediate 1,92 Easy access to Teesside is regarded locally as of especial significance for overall long-term regional development. The local Airport Committee

is dedicated to developing that service to the commonstv In May, the airport will open the first phase of expansion of the terminal building, a project it is expected will

be completed by September. This will greatly improve the international facilities, but the airport still has room for a Duty Free shop. How-ever, so far, permission for such a shop has been withheld.

Mr A. (Ike) Dawson,
director of the airport, says
that there is money to be
made from a Duty Free shop, and for a small airport such as Teesside, it would be a great help financially. On tho other hand, the airport is devied the facility, beca it does not yet have 100,000 foreign-going passengers a year (whereas some other regional airports with less international traffic, such as Cardiff, do have such a

port is continuing to move steadily towards breaking even. The annual deficit has been reduced from £600,000 in 1981 to £170,000 projected for 1984-85, and the additional income from a Duty Free shop would be vital to the break-even drive.

towards easier air links into Europe, and a much more flexible domestic deregulation policy, are most welcome to Teesside. However, the airport authority would like to international operators being permitted to operate to the airports of their choice in the UK much more freely.

facility).
In the meantime, the air-

The Government's moves

we are geographically the

Humberside is a much smaller airport, handling just over 100,000 passengers a year, but nevertheless providing a significant service for the local industrial and busi-

South East LYNTON MOLAIN

THE SOUTH EAST of England

has been the focus of the recent debate over the future develop-

ment and direction of UK civil air transport for the next 20

The centre of the debate, of course, has been the public inquiry into the British Air-

ports make up most of the pas-senger capacity in the region serving London.

The South East also has a

wida range of other, smaller but still important airports, which add to the range of facilities

end capacity available to all types of business and general aviation aircraft users in the

region. These will be affected by the large developments pro-

The debate was brought to a head with publication of the report by Mr Graham Eyre, QC,

the inquiry inspector, last year. report, unexpectedly, amended expansion at both

Heathrow and at Stansted, with Stansted's capacity limited to

15m passengers a year. The inspector was unequivo-

cal in his insistence that his re-commendations for "complemen-

tary capacity contributions to be made by development at Heath-row and expansion at Stansted"

would finally bring to an end the uncertainties which had been such a "deplorable" feature of post-war airports

Support for the inspector's

policy of complementary de-velopment at Stansted and at

Heathrow has been sparse, so far. On Stansted, there has

ben vigorous criticism by local

groups of the inspector's re-commendation for expansion.

There has also been powerful counter-support for expansion

at Stansted. In particular, 16

local authorities in the south have joined forces "to press the

Government to stand firm on airports and keep to its policy

that expansion cannot be con-centrated solely on Heathrow

The group includes seven

and Gatwick "

posed for the region.

The debate

Authority's proposals to ports Authority's proposals to build a fifth passenger terminal at Heathrow. Together with Gatwick and Luton, these air-

felt. March 25 1983

growth Birminghan East Midland

ARTHUR SHITH The control of the co

Profitable VILLE DO BE

\*\* 5 TE 19E

Conference in the Committee of the Commi olisti vess PO 15 2 1 2 1 mm Real growth 

was a considerable loss

the previous pressure on the and from Norwich," Mr Parsons existing terminal.

With the return to growth in senger terminal and a heering holidays and services for 1986, tinuing links with the oil and later this month is expected to will enable holiday companies gas industries offshore.



Arguments still rage about where the much needed expansion should take place

Waiting for the green light



A giant Belfast heavy freighter of Heavy Lift Air Cargo belog refurbished at the group's

Development at Stansted "is now entirely unavoidable, and it will be impossible for Heath-row to meet the growth of the early to mid-1990s," the group said last month.

Several airlines alreedy use Stansted as their operating base, including Air UK and Heavylift Cargo Airlines, The airport remains a major area of expansion for Air UK, with tha introduction of new ser-vices and jet aircraft. The air-The group includes seven county councils—Buckingham-shire, Berkshire, Surrey, Hampshire, West Sussex, East Snssex and Kent — as well as three London boroughs and sir district and horough councils. The group of 16 local authorities in the south regard Stansted as the "only way of solving the"

line starts a new Stansted to time, tha go-ahead is likely to stimulate demand at some of the smaller airports as passengers demand more feeder service and its Stansted to Dusseldorf services.

One of the most important current developments in the South East involves the plans to develop part of the Royal and aerodromes for husiness. line starts a new Stansted to Guernsey service at the end of March, using a Sborts 360 air-

airport problems of the south and light aviation use are in at Farnborough, Hampshire, the counties in the "group of for civil use.

Is likely to be affected one way or the other by the ontcome of the Government's consideration of the Inspectors report of a 50-acre. on Stansted and a fifth terminal at Heethrow.

> Demand A go-ahead for expansion et one or both of these major elr-port sites will help meet the forecast demend for air travel in the South East. At the same

The airfield and the RAE

come under tha Ministry of Defence, but tenders ere to be invited "shortly" for the lease of a 50-acre area on the alr-field for this purpose Mr John Lee, Parliamentary Under-secretary of State for Defence Procurement said in a written Commons' answer on March 1.

The 50-acre enclave is to be made available as a hase for general aviation (27 acres) end for light industrial use (23 acres). The Government's aim is to make fuller and more costeffective use of the RAE air-field and to alleviate the ahortage of faciltiles for business aviation in the south east.

general aviation use. Tenders have to be in by the end of

The eim is to allow up to 40 husiness aircraft, twin-engined with a maximum capacity of 20 passengers, to be based at Farnpassengers, to be cased at Farm-borough. The orcraft will be permitted to use the airfield between S am and g pm on weekdays, with no weekend use.

At nearby Blackbushe Airport plans are in hand to build a large vehicle auction site following the acquisition of the airport by British Car Auctions alreart by British Car Auctions
last autumn for £7.3m. BCA
formed a new company, Blackhushe Airport 85, to control
and increase flying. The alm is
to develop Blackhushe and to
make it a leading ceotre for
private and business aviation in the south.

Blackbushe, 320 ft above sea level, bas a full Category 2 licence from the Civil Aviation Aupthority, Ir has a 1,200-metre Authority. It has a 1,200-metre tarmac ruoway and the owners claim noise nuisance is at a minimum since the airfield is surrounded by common and forestry land, with sparse population beneath the runway

approaches.
The site covers 350 acres and has been a civil airfield since

1947.
Biggin Hill Airport, one of several former Second World War fighter aircraft stations in Kent and Surrey, is well-established as a leeding airport on the outskirts of London for husiness and private aircraft, and is ness and private arteralt, and is steadily improving its facilines. The airport describes itself as "London's gateway" for these categories of aircraft.

The airport forecasts that this year will be its busiest for general avation for some time. To meet demande and to enhance facilities, Biggin Hill Airport extended and refurbished its "executive terminal" last year, installed a cere bulk facilities. installed a new bulk fuel facility for 164,000 litres of under ground storage and an elec-tronic weather information system for pilots.

The eirport is owned by the London Borough of Bromley and operated by a private company as e joint activity with the local authority. The site is 600 ft ebove sea level on a chalk ridge overlooking south London. The elrort bas two bard runways, one concrete and one aspbalt, and three grass strips. The airport provides a hase for more than 300 aircraft.

The airport management has plans to install radar, build a 72-room, four-star hotel on the over the next five years. A second phase development will add a further 48 rooms to bring the final capacity to 120 bed-Leases of 125 years will be add a further 48 rooms to be available for the industrial site, with 10-year leases available for rooms by the early 1990s.

### Rail/air service

to start a daily service to link Cork, Ireland, with Plymouth as part of its summer programme this year. The airline has services linking Cork and Plymouth end Jersey and Plymouth The new daily schedule is to start on April 1 and will be of use to travellers using the rail-air link connecting London with Cork, via Brymon's ser-

vice from Plymouth.

The fares for the service range from a single of £88 to a return of £132 from Monday to Friday, with a minimum stay of

air service joining Cork to Birmingham, Bristol and London. The service links the Brltish Rail Inter-City service through Plymouth Airport to Brymon's daily flight to Cork. The service includes transfer between the railway station and Plymouth Airport. The fares are Cork to London/Birming-ham, £89 return, £50 single, and to Bristol £79 return and £45

STOL LONDON STOLPORT TOWER BRIDGE

### Stolport would give access to the City

A £15M PLAN to develop a short take-off and landing airport (Stolport) in the docklands area of East London is now at a critical point.

A High Court judgment is expected any day on whether Mr Patrick Jenkin, the Environment Minister, should or should not re-open the patrick Jenning or should not re-open the public planning inquiry into such a development.

Environmental objectors have urged that ha

should on the basis of new evidence regarding the likely noise of such a Stolport, on a site the likely noise or such a Stoupert, on a site in the new disused London docklands. Mr Jenkin has declined to do so, and the matter comes before the High Court tomorrow.

The plan is to build a runway in docklands,

for use by small, light transport aircraft of

the de Havilland Canada Dash Seven type, to serve a wide network of domestic and in national short-hand routes.

The scheme, sponsored by John Mowlem and Company, the civil engineers, with the support of the regional airline. Brymon Airways, in effect would create a "regional airport" for the City of London.

It would serve UK domestic and interna-tional places not already served from Heathrow md Gatwick, or serve them more conveniently since the Stolport is much closer to the heart of the City than either of the two latter air-

MICHAEL DONNE

# Plymouth expands air services

### **South West** LYNTON McLAIN

THE WEST country (Devon and Cornwall) is served by five alrports, at Plymouth, Penzance Exeter, Newquay and the Scilly Isles, offering connections with the main airline hubs in London and several other cities.

Plymouth is one of the busiest of the west country regional air-ports with its own airline, Brymon Airways, based at the airport, and a new and smart passenger terminal designed to provide comfortable and easy movement of passengers to and from aircraft

airfield site and build four new Brymon Airways using de aircraft bangars sultable for Havilland Canada Dash 7 four-busines and executive aircraft, engined short take-off and landing aircraft provides a useful buk with London with six flights a day from Plymouth to London Heathrow via the small airport

Brymon is to introduce a rail

ingle. Mr John Jones, the commer-

cribed the fares as "very com-petitive with other transport British methods and travel time is reduced significantly.

The flight time is 40 minutes using a Twin Otter aircraft. Plymouth City Airport is 1979-80, undergoing a £250,000 develop-

ment to improve operational standards. The first stage, in-volving runway and approach lights has already been com-pleted Work has started on a new two-story office block for Brymon Airways. Other work includes the pro-

vision of new electronic equip-ment including a more powerful navigation beacon, distance measuring equipment and elec-tricity supply reguletors.

"With the completion of this project, Plymonth City Airport has come of aga and can be regarded as a modern regional airport," Mr John Humphrey, the airport manager said. "It means to Brymon Airways probthe number of diversions which low cloud and visibility has meant in the past. For the traveller, it means less incontravel plans."

Penzance airport is a beliport, wholly-owned and operated by British Airways Helicopters. The services started on September 1, 1964, and since then BA has carried approxi-mately 1.25m passengers. There

will be celebrations this year to mark the 21st year of the helicopter services. The services mainly link Penzance, on the far south-west corner of Cornwall, with St Mary's on the Scilly Isles... British Airways uses a Sikorsky S-61NM belicopter,

the only one of its kind. Tha belicopter bas 32 seats compared with the normal seating of 26 for S-61 bellcopters. The airline operates 12 return flights a day from Penzance to the Scillies. Normal flights take 20 incomin minutes and tourist traffic Exeter.

cial manager of Brymon des- accounts for most of the British Airways passengers on lts

based helicopters in Brymon is to dedicate one air- 1983-84, 2,000 more than In the craft to its Guernsey service previous year. The airline has this summer, with a Monday to forecast 77,000 passengers for Friday and a weekend service. the present financial year. This compares with the peak of 87,000 passengers carried in The fares are £44 for a

normal return from Penzance to St Mary's, with no conditions attached. A day return fare of £25 is also available. British Airways has applied to raise the fares this summer to £27 for a day return, with e normal peak single fara of £25 and £50 return in the peak season.

British Airways refuses to say if the service makes a profit. "The economics of the service are delicately balanced," is all the airline would say, "We are not prepared to discuss the profitability of the route."

### Delicate

For 1985-86, British Airways expects the recent growth pattern continue. approximetely a 7 per cent increase in passenger volume Exeter Airport is run by the British Airports International group. Mr Michael Haiper, the BAI managing director, is trying to persuade regional airlines in Europe to take advantage of the EEC regional directive published late in directive, published late in 1983. This law encouraged the development of air services from regional airports both within EEC member states and to regional airports in the UK. Mr Halper is trying to per-suade regional airlines in

Europe to operate from the smaller European airports into BAI's three south of England airports at Exeter, Southampton and Southend. British Airports International describes Exeter Airport as

"the natural gateway from the continent of Europe to the magnificent tourist attractions of Devon and Cornwall." BAI is committed to the attraction of incoming tourism through

# New terminal would stimulate growth

### Norwich LYNTON MCLAIN

NORWICH AIRPORT has a Vulcan bomber parked on the tarmac as an unexpected welcome attraction for passengers. The former Royal Air Force bomber is the star exhibit at the City of Norwich Aviation Museum, now heing developed at the airport site.

What the airport does not have is e modern passenger terminal, or features of other, larger airports such as duty free shops. These appeal to many passengers and airlines, especi-ally those serving the holiday charter market which Norwich would like to develop to expand the range of its traffic. This is dominated by executive travel-lers, especially from the off-shore oil and gas industries off

the east coast. All this may be about to change, if plans for a passenger terminal, likely to cost up to f5m to be built on a greenfield site within the airfield limits come to fruition.

Two inquiries The airport is operated by a joint committee with councillors from Norwich City Council and Norfolk County Council Two public inquiries have preceded the present state of play with the plans for a new terminal. The first inquiry, in July 1978 found that the proposed 1978, found that the proposed site was unsuitable, mainly site was unsuitable, mainly The airlina is the only because it was considered to rep-scheduled carrier to operate out resent a visual intrusion in a

predominantly rural area. An alternative site was found and a second public inquiry was held in January 1981. The Secretary for the Environment epproved the outline planning application for the new aite. World economic difficulties hit air travel from 1979-80, traffic at Norwich fell from 201,819 passengers that year to 157,821 passengers in 1980-81 and in place of the small profit which the joint airport and industrial site had been making, there

sidered that the time was not City Hall for companies and appropriate to embark on major people involved in the air travel developments at the airport industry. "The aim is to promote fall in traffic had relieved mote air travel and holidays to

a former RAF group captain and now manager of Norwich Airport said.

Outline planning permission could be followed, possibly in the summer, by the approval of detailed plans for the terminal, with tenders possibly requested before the end of the year. It is possible that the first work on the terminal could start in 1986 ready for opera-tions late in 1987. This would

probably mean that the first holiday charters out of the new terminal would not leave until

Norwich already has holiday tour flights, with Thomson Holi-days offering holidays to Palma, Majorca, direct from Norwich Airport; Travelogue offering Althori, Travelogue on the Mangha Holidays offering holidays direct to Holland, Denmark, Jersey and Guernsey, using the scheduled flights of

Scheduled air services domi-nate flights from Norwich, Norwich airport is an operating centre for Air UK, the indepencentre for Air UK, the indecendent airline formed in 1979 by British and Commonwealth Shipping from an amalgamation of Air Anglia, British Island Airways, BIA/Air Westward and Air Wales. Air UK uses Dutch Fokker F28 twin jets with 50 seats. 44 seat Fokker F27 Friendships, 50 seat Handley Page Heralds. Short 360s and 330s and Brazilian Embraer Bandelrante aircraft.

Bandeirante aircraft. of Norwich, after the withdrawal of services by Genair, a
small, commuter, and feeder
link airline, last year.
Scheduled services now link
Norwich with Aberdeen, Amstender of Norwi

terdam, Edinburgh, Esbjerg vla Humberside, Heathrow, London and Teesside. The Humberside, Aberdeen and Amsterdam services are four times daily. From May 1, a new airline to sengers going abroad.

Norwich is to start services, when Holland Airlines is to bonded store but would welcome start a twice weekly service to Rotterdam. May 1 is also the date when Norwich Airport is The airport authorities con- to hold a seminar at Norwich

airport managemant The air traffic including at Norwich, hopes that the timing of the outline planning permission bas seminer, just when hollday tour seminer, just when hollday tour to serve in style the people of companies are planning their East Anglia and to provide con-

reach a decision, effectively to consider including Norwich giving the go-ahead for the new in their lists of departure points terminal. Mr Stepben Parsons, for the 1986 summer season. in their lists of departure points The airport lost about 20 per cent of its business when Genair ceased operating its feeder ser-

vices last summer. Air UK picked up the Norwich to Heath-row route, although the link Gatwick airport is still available. Norwich Airport bandled

195,526 passengers in 1983-84. This compares with 171,826 passengers in the previous year and compares with the 4.295 passengers in 1968-69, the first year of commercial operations at the former RAF station which be-came Norwich Alrport. The airport expects to bave handled about 195,000 passengers again in the current financial year to the end of March.

The inclusive tour holiday business out of Norwich could have doubled in 1985-86, Mr Parsons said, but Thomson Holldays pulled out of its earlier plans for holiday flights to Malaga. This was thought to be largely because of the unfavour-able reaction of holidaymakers to Spain as a boliday destination

### Purpose-built

The new passenger terminal, if it does finally get this go ahead, will be designed to bandle 450,000 passengers a year and could be operational any time from late 1987 to June 1988 according to Mr Parsons. He is clearly looking forward to managing a purpose-built terminal, the newest in the UK, but is concerned thet customs and excise regulations will prevent the airport having its own

destinations each year before they are permitted to bave o duty free shop. Up to the end of September last year, Norwich Airport handled 42,000 pas-

the opportunity to increase its income through a potentially lucrative duty free shop. The new terminal building will have space built-in to accommodate a duty free erea to be hullt when the volume of passengers going abroad reaches the

required level. By that time, Norwich Airport will be well-established as an up-to-date regional airport of



Inside the traffic control tower at Norwich Airport.

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# Small airliners change the pattern

Air services MICHAEL DONNE

THE PATTERN of six services to, from and throughout the UK has been changing over recent years, and this trend seems likely to accelerate, as a result of both the forthcoming partial deregulation of UK domestic airline operations, and a growing interest, especially among businessmen, for more shorthaul domestic and international air services from local and regional airports.

One of the principal catalysts for this change has been the emergence in recent years of a generation of small, economic airliners, sometimes seating no more than ten passearing no note than tell pas-sengers a time, but generally in the 20-30 seater category, such as the Shorts 330 and slightly larger 360, which have made it possible for many operators to launch new, profitahie short-haul domestic and international operations.

The significance of this development should not be under-estimated. For much of the post-war period, the history of UK civil aviation has been littered with the wreckage of plans for new air services, that the emergence of new types foundered because the airlines of twin turbo-propeller aircraft,

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the result that they lost money, and went out of business. More significantly, their experiences soured and discouraged them - and others - from starting

regional air services.
The emergence of the new generation of small, cost-effective turbo-propeller airliners has substantially changed the situation. Although many short-haul air travellers prefer to fly in jets, the fact remains that turbo-propeller airliners are not. only cheaper to operate, but also because of their generally smaller size they are able to use airports not able to accommodate bigger jet eircraft.

Moreover, their quieter noise levels make them more acceptable neighbours for surrounding communitie noise conscious

The significance of this de velopment is illustrated by the U.S. experience, where many of the small, local service, commuter or regional airline operators use the twin-turbo-prop airliners of the Brazilian Embraer Bandeirante, British Aerospace 748, and Jetstream 31, de Havilland Canada Dash Seven, Shorts 330 and 360 and other types.

while other forthcoming, but larger, new turbo-props such as the Franco-Italian ATR-42, the British Aerospace Advanced Turbo-prop (ATP) and the Fokker F-50 will consolidate the situation both in the U.S. and elsewhere, especially in Western Europe and the UK. Effect

One direct effect of this availability of smaller, more economic aircraft has been to permit the development of more airlines, often with small fleets, but using the high work capacities (and their social acceptability through their quieter engines) to promote air services between many communities that would not otherwise have been able to have them. Arkines such as Birmingham Executive Airways, Brymon Airways, Spacegrand, Manx Airlines, Loganair, Air Ecosse, have developed rapidly in the recent past, but even so, there are still many opportunities for more

The larger airlines, too, such as British Midland, have demonstrated on the denser trunk routes that competition can play e significant role in stimulating As Mr Michael Bisbop, chair-

man of British Midland, points out: "As a result of aggressive marketing and competition, there has been a surprising re-surgence and development of domestic air travel.

We now know there was a large, untapped market on domestic air traffic routes — a fact we had been suggesting to the Civil Aviation Authority since 1979 — a fact which our competitors had always denied

existed."
Since BMA introduced services to Glasgow in 1982 and to Edinburgh in 1983, the total market for all eirkines between London and Scotland has grown by well over 25 per cent. But while there has been

growth on the major domestic trunk routes, on the crosscountry, intra-regional routes it has been much slower. Truly "commuter" atyle or local service airline operations in the UK have been beld back by several factors, one being the recent economic recession itself, Another factor has been the

undeniable influence of the dense surface transport system, both in terms of roads and Inter-City rail services, which have been developed substantially in recent years. To this day, the temptation to use the

involved did not have aircraft such as the Sash-Fahrchild 340, motor car in the UK for any Gatwick are excluded (because the de Havilland Canada Dash journey of up to, say, 100-150 of fears of congestion at those aircraft far too large for the traffic densities available, with the results that there is the sash-Fahrchild 340, motor car in the UK for any Gatwick are excluded (because journey of up to, say, 100-150 of fears of congestion at those two airports from a plethora of beyond that distance the Internet services), as are the condition of the appropriate size.

They started operations with Eight, and the Brazilian miles is very strong, while two airports from a plethora of beyond that distance the Internet Started Operations with the same of the condition of the condition of the definition of the condition of the condition of the definition offer strong competition.

For longer distances, many business travellers would be interested in air services at reasonable rates, but they do not exist between many major

There are now signs of change in this situation. Many UK business travellers, having ex-perienced the U.S. local air services pattern, and found it convenient, would like to see something similar developing in

One result of this is that local Chambers of Commerce and other bodies are now more encouraging in their response to actual and potential operators of such services.

### Networks

What many in UK civil aviation would like to see is the development of major "hub and spoke" air systems, with and spoke" ar systems, with large networks of routes linking not only many smaller regional points together but also linking them with bigger, international, regional airports such as Man-chester, Birmingham, Glasgow, Leeds-Bradford and others.

Generating systems of this nature, however, requires not only substantial cash, but also a good measure of antre-preneurial flair. The major airlines tend not to want to become involved in such operations, preferring to leave them to smaller operators whilst they concentrate on trunk route operations.

In the past, the lack of UK activity in this field has also been partly due to the comparatively inflexible licensing system, which is only now in the process of changing.

The Civil Aviation Authority, over the past two to three years, has shown a significant interest in promoting increased domesti air transport competition, and the proposed partial deregulation of many UK domestic air routes (with concomitant de-regulation of air fares by domestic airlines) should do much to belp. Because of various airline and

other objections or representations, the bearing on the de-regulation of UK domestic air routes is to be beard by the CAA starting on May 28, with the bearing on the deregulation of domestic air fares starting about a week later.

In the proposed liberalisation, services to Heathrow and

special relationships that have to be considered. Although those restrictions

(and others may emerge as a result of the public hearing) mean that much of the volume of internal UK air travel will be outside the scope of the pro-posed deregulation, some bene-fits will be bound to accrue. The experiment will last for two years, before being made per-manent if it is successful. Stansted, in Essex, which may well be significantly expande under the Government's longawaited plans for future airin the projected liberalisation plan, as is Luton, the major charter airport north of London.

Air aervices which cannot get into Heathrow and Gatwick, therefore, will be able to make much greater use of both Stan-sted and Laton, but whether this will suffice to encourage more regional airline operations

Another development which could help to generate some new routes and services is the forthcoming distribution of cash from British Airways, under the regional routes promotion regional routes promotion scheme outlined in last year's White Paper on air transport

Under this scheme, BA is ready to pay sums of up to £450,000 a time to help the development of some 15 routes out of regional airports. The ldea has attracted considerable

A substantial number of applications for routes that could qualify for such largesse is likely. The Department of Transport has asked the CAA for advice on the scheme, since it alone has the expertise in route licensing matters to deal with such problems.

One of the major complaints levelled by regional airport administrations is that the UK Government and the Civil Aviation Authority do not do enough to promote the interests of regional airports with foreign governments. In some cases there may be

some truth in that, for the UK has tended, especially recently, to be protective of British Airways' interests, in the run-up to privatisation, where addi-tional services sought by foreign carriers to regional airports are



aovereignties, and the positions of their flag carriers, and have been reluctant to accept that a major expansion of short-haul international air services can stimulate traffic and trade.

Even today, the UK Government (and many UK airlines) are finding it difficult to win the approval of foreign govern-ments for increased penetration of their markets by UK operators from regional points, at cheaper fares. A breakthrough was achieved

with last year's "Open Skies" agreement between the UK and the Netherlands, and the less far-reaching but still significant agreement with West Germany. Discussions now planned with other major West European countries throughout the rest of this year will, it is hoped, result in at least some greater measure of freedom for UK sixlines to operate wherever and whenever they choose, although the total deregulation of West European air transport is still a long way off. -

Where it has been possible where it has been possible for them to do so, some West European airport authorities have been quick to seize the opportunities of promoting themselves at the expense of UK airports. Schephol (Amsterdam) dam) for example, has stressed strongly the undersable benefits to UK travellers of flying to Amsterdam to make connections with long-distance flights, rather it as also fair to point out wick. Schiphol has thus been that many countries, especially claimed that it is elready in on mainland Europe, jealously effect "London's Third Airport." guard their air transport The increased development.

at least aome of the major regional airports, auch as Manchester, Glasgow and Manchester, Glasgow and Birmingham, as "bubs" with long-haul international air services as major features of their operations, as well as many new short-haul routes, could do much to reverse that trend. If Manchester, for example, had many more fong-haul international air services, much of the force of the Schiphol argument would

### Encouragement

The Manchester International Airport Authority has been well aware of thet skuation for some time, and has stepped up its own commercial campaign to promote itself with overseas carriers, and other regional air-ports are also now following

what they, and other regional airport authorities require, is much stronger UK Government encouragement for those efforts, with permission freely given to the foreign carriers to fly in regardless of the compensive impact on British Airways.

The latter has always argued that it is not afraid of competition: the regional assports say that it should now demonstrate the fact by accepting it.

One factor that may yet signi- without there being a string ficantly influence this situation liquidations and bankruptrie is the emergence of the "big twin" type of airliner, capable of flying long distances but with much smaller payloads than customarily required to make a

Airbus A-310, for example could make long-baul internotional operations out of regional airports far more economic than could Jumbo jets. Given that traffic densities on such routes from regional centres are likely for some time to come to be less than out of either Heathrow or Gatwick, air-lines and regional airpoits might usefully consider employJours.

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ing such smaller aircraft. For the immediate future, the traffic development pattern at regional airports is likely to be dominated by short-hud internal UK and international operations. Much of this in turn will be dominated by the holiday charter market, but business traffic will increase as the recession fades and economic prosperity returns. albeit slowly in many instances,

o the regions.

As Mr Bishop of BMA has argued; "What is needed is a number of new, cost-effective airlines which can work to develop new routes, ideas, and concepts, and the net result of that will be a really efficient industry which will have are mendous benefits to the economy of the country as well-as fuel the growth of the airline business itself. I believe this can be done profitably, and without there being a string of

There is a need to give new opportunities to the privatesector advines, so that they can develop strongly, rather than giving all the privileges and Jumbo jet economic. The preferences to the state airline, extended range Bosing 767 and The Government has got to work the longrange version of the hard to see that happens."

# Strong growth expected

no amount of attempted en-

forced diversion of such traffic

CONTINUED FROM PAGE 1

UK airport spending on London the regions are being denled cash and other resources for their own expansion. Moreover, it is claimed, the continued emphasis in eir trans-

port on London and the South-East exacerbates the existing overall North-South economic divide, perpetuating the econo-mic problems of the North by

encouraging international air traffic to use London rather than think of going elsewhere. It is pointed out that already many Northern air travellers are obliged to fly to London to make long-haul (and even many European shorthers) European short-haul) connec-tions, that airlines could be and

tions, that airlines could be and should be encouraged to provide from regional airports.

While it is undeniable that the regional airports have a major role to play in the future development of UK air transport, the fact is that all airports, no matter wherever located, will need to be expanded to cope need to he expanded to cope with the expected growth.

All sirports, whether in Lon-don and the South-East, or in the regions, will need to spend more cash to meet the inevitable demand for improved facilities. Within the overall expansion, inevitably the bulk of it will be focused on London and the South-East. London is, after all, the seat of central government, the primary base for tourism (even if many tourists also go on to other places in the UK)

For these reasons alone it own airports alongside those of tready attracts the overwhelm-the South-East. already attracts the overwhelming share of international air traffic to and from the UK, and

to the regions is likely to funamentally alter that situation. This is not the result of any conspiracy by any authorities, government or otherwise, to deny the regions their fair share of air traffic growth: it is a fundamental fact of eco-nomic life.

Recognition

Any attempts to enforce diversion of internationally-originating traffic from London to the regions would be bound to fail: passengers thus denied the destination of their choice would opt for other continental cities, such as Frankfurt, Paris or Amsterdam. The regions would not benefit, and the UK economy would suffer.

This is no way denigrates the role the regional airports have to play, both now and in the future, in the overall expan-sion of UK air travel.

The regional airports, and especially those associated with the Consortium for the North, must recognise that their most must recognise that their most likely chances of achieving greater recognition — and hopefully thereby more liberal government financing and ronte-licensing policies — lie not in seeking either a halt to, or the downgrading of, expansion of airport facilities in the South-East, but in promoting the concomitant growth of their the concomitant growth of their

The vigorous commercial promotion of themselves and their facilities both et bome and overseas - in association with commerce and industry in the region itself — can do much to help their expansion, which the Manchester and Birmingham International Airport Authorities are already amply demon-

lts attitudes towards the finan-cing of regional airports by permitting local authorities to spend more on their airports

airports appear to have lost sight of the underlying truth of al air transport—that an air-port in any region exists solely

atrating.

The Government has moved to help the situation by agree-

ing on the partial liberalisation of UK domestic air services, to become effective later this year when airline and other objec-tions and representations have all been considered. But it is arguable that, by excluding Heathrow and Gatwick from that liberalisation, and making special exceptions of other such as the Channel Isles, the deregulation proposals are out likely to achieve as much as they perhaps could if total de-

regulation were to be permitted.
At the same time, the Government could be more liberal in

to esrve the economic needs of



Manchester International Airport

While the existence of an airport can stimulate air travel. simply by being there, the primary generator of traffic is the fundamental economic

health of the region itself.
Airlines, British or foreign,
are not philanthropic organisations: they exist to make money.
They will only introduce air spend more on their airports without having those outlays regarded as part of all local authority spending, and thus subject to restraint, as at present.

For its own part, the Government argues that many regional eventual prospect of some spending that the control of the same argues that many regional eventual prospect of some spending that the spending spending the same argues that many regional eventual prospect of some spending profitability.

Much of the future of the regional airports will depend upon the rate at which the

that region, not the other way commerce and industry in the regions responds to that situa-tion. There are already signs that some airlines are alert to the potential of the regional airports—British Airways, for example, is substantially expanding its activities at Manchester.

This situation could be helped along, however, if the Government itself were to adopt some more liberal ronte licensing policies, especially for foreign airlines wishing to the tha regional airports.

The long-standing protection-list attitude adopted towards the

flag carrier, British Airways, which has already hindered the development of some new longhaul regional air services by foreign airlines, could be

amended, and at least some such operations permitted, if only on an experimental basis. The Government is considering its whole attitude towards airport development for the rest of this century, taking in not only the proposed expansion of Heathrow and Gatwick, but also the development of the Scottish Loylands Airports (including the future of Prestwick), and the development of regions. regional airports as a whole.
Its proposals, probably in the form of a White Paper, are likely later this spring or early summer. It is to be hoped that within them will be the seeds of longer-term profitable expansion for all airports, whether in the regions or in London

in the regions or in London and the South-East

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